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The Commercial and
FINANCIAL CHRONICLE
Reg. U. S. Pat. Office

Volume 157 Number 4182 New York, N. Y., Thursday, June 3, 1943 Price 60 Cents a Copy

Capitalism And Americanism Go Hand In Hand

Hill Enlightens Employees On The Significance Of Capitalism To Them

Every employer would do well to emulate J. B. Hill, President of the Louisville & Nashville Railroad Co., in the splendid work he is doing in an effort to create a better understanding between capital and labor. Three of his recent messages appearing in the Employees' Magazine of his railroad are given below. Mr. Hill informs the Editor of the "Chronicle" that all are free to reprint these messages in whole or in part, or use them in any way they see fit in employee-employer educational programs. The Louisville & Nashville made reprints of these particular messages in pamphlet form.

J. B. Hill

(Continued on page 2070)

Pennsylvania Corporates-Municipals

Special section devoted exclusively to Pennsylvania corporate and municipal securities starts on page 2062.

"Functional Finance"—Friend Or Foe Of Private Capital?

The above caption indicates the topic of a debate by prominent figures in the financial and academic world and attended by more than one hundred fifty men of finance, industry and the Government, held last month at the New School for Social Research.

The new fiscal theory, first put forward by J. M. Keynes in England, was laid open to comment from the floor by a number of guests, after the initial discussion of the problem by Dr. M. Vidal Guardiola and Professors Albert Hahn and Abba P. Lerner.

Dr. Vidal Guardiola, the leading main speaker, expressed in part, the views that Functional Finance is a successor to deficit spending and that it runs counter to the sentiments of individual freedom and enterprise and can succeed only in a "society of ultra-collectivist simplicity." Dr. Abba P. Lerner, taking an opposing view, contended that Functional Finance is a fiscal doctrine by which the Government can keep the total money demand for goods and services at the right level by adjusting its own spending, raising or lowering tax rates and borrowing or repaying money—and that this new fiscal theory is the best friend of private enterprise, which must use it to prevent the eclipse of individual capital for good.

Hans Staudinger

An abstract of the address by Messrs. Guardiola, Hahn and Lerner is given below together with a summary of the views expressed by Professor Oskar Lange and Dr. Julius Wyler. William Cumberland, Robert B. Warren, Prof. Harold Berger, Prof. Ralph Young, Prof. Wm. Carsen, Prof. Milton Freedman and others also participated in the debate.

The meeting was presided over by Dr. Hans Staudinger, Dean of the New School's Graduate Faculty.

DR. M. VIDAL GUARDIOLA

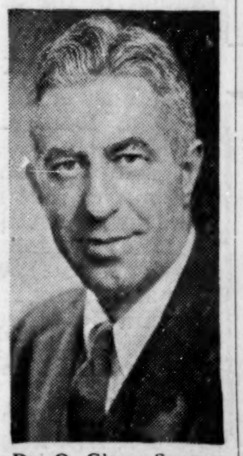
1. Up to 1914, free enterprise, supported by moderate Government spending, spread throughout the world increased and progressively better distributed purchasing power for the people. Such fruitful collaboration was interrupted after World War I by an all out change (monetary, commercial, financial, social) that shook the foundations of the economic system, discouraged initiative and investment, and led to endemic under-employment. Pump-priming and deficit spending had reached nowhere a satisfactory solution when the menace of war and actual war

M. Vidal Guardiola

(Continued on page 2066)

Can The United States Support A 300 Billion Dollar Debt?

Can, and will, the gigantic post-war Federal debt be redeemed in money of present or pre-war purchasing power, or will it be repudiated directly or indirectly, in whole or in part? Dr. Olin Glenn Saxon, Professor of Economics, Yale University, undertook to supply an answer to this question of primary concern to the entire nation and, at the same time, discussed the vital stake of the millions of investors in war bonds in the methods employed in working out a sound solution of the problem, in an extremely timely article, bearing the above caption, which appeared in the "Chronicle" of May 13. In Dr. Saxon's opinion, the debt can be paid in what he terms "honest dollars," provided, of course, that the nation's leaders "have the political courage to attempt it."


Dr. O. Glenn Saxon

In line with its suggestion, the "Chronicle" received various comments regarding the views and conclusions set forth by Dr. Saxon in his article. Some of these letters were given in our issues of May 20 and May 27 and others are given herewith:

JAMES J. HUNTER
San Francisco

With regard to the final $300 billion national debt, I may say it is all so stupendous I am utterly confused. There are, however, some things which seem to me to be simple and axiomatic. It's the last straw (of debt) that breaks the camel's back.

This nation has progressed at an unparalleled rate almost from its inception, but I am afraid we are going to be "caught in our own craftiness."

Since the War No. 1, before which we had a reasonably balanced budget, we have been expanding our credit on such a colossal scale that gold had to be detached from the pyramid. In fact, when the Supreme Court validated the right of Congress to confiscate gold they demonetized it. It's all pretty theory to say our credit is based on gold, but until it is the inalienable right of the individual to own and possess the metal, it is just so much superstition. Credit (confidence) has gone beyond all possible capacity for gold. It had been getting that way over a very long period and the break just happened when it did to maintain confidence in

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The War And American Foreign Investments

The "Chronicle" of May 27 carried several letters referring to an article, bearing the above caption, which appeared in our issue of May 20. In this article the author, Dr. Max Winkler, noted, among other things, that the aggregate market value of foreign government securities has enhanced materially since the outbreak of the present war and made certain observations pertaining to the status of the Russian bonds of pre-Soviet Russia. During the past week we have been favored with additional letters, including one from the author of the article. These comments follow:

DR. MAX WINKLER

In answering my appraisal of foreign loans, including Russian bonds, in a recent article in the "Chronicle," one writer states, *inter alia*, that my remarks have "an air of finality" when I point out that "all foreign loans (of pre-Soviet Russia), without exception, are absolutely repudiated." May I remind the writer that the "air of finality" is not mine, but that of the Kremlin? In Harvey E. Fisk's "The Inter-Ally Debts," published by the Bankers Trust Company (p. 303, ff.), he will find the official text of the "Soviet Decree Invalidating Russian Debt," section 3 of which reads as follows:

"All foreign loans, without exception, are absolutely repudiated."

I repeat: The above decree has neither been revoked nor modified. For more than a quarter of a century it has been on Moscow's statute books, despite the writer's plea that "official records, persons and events tell us that conditions have changed." We are aware of this, but also of the fact that the repudiation decree has not changed.

The writer then speaks of "several other controversial matters" and comes "to the question of Belgium, France, Denmark and Norway." He "reasons" that the "high quotations are probably due to repatriation out of 'blocked' funds." This is quite probable, and my

(Continued on page 2068)

Weekly Stock Market Comments

During the past three weeks, and more particularly during the past few days, the market has acted disappointedly. It appears just as if most of the sophisticated investors and traders, who realize that the Dow Theory is just a theory and that frequently its signals do not work out in practice, decided to "copper" the signal given Tuesday and Wednesday and sell out on the new crop of Dow Theorists. The market is running into sizable offerings, particularly in railroad stocks, which it is having considerable difficulty absorbing. At this point of the market, after thirteen months of rise, we favor consolidation of positions on a fairly substantial scale because of many uncertainties and conditions, more or less important, which previously during the rise the market has not been called upon to digest: (1) Congress is having unusual or extraordinary difficulties in arriving at a tax plan and, with an enormous budget facing it, will have to find new taxation sources and perhaps heavier rates; (2) making a landing in most places in Europe, and staying there, isn't likely to be child's play, even given some air superiority; (3) it is understood that margin account debits of leading houses have been increasing sharply; (4) shorts are becoming bolder; (5) substantial clients hesitate to purchase even the best values and appear to be thinking only of strengthening their future buying power; (6) labor has become increasingly restive; (7) floods are causing serious losses; (8) the business index appears to be stalling at current very high levels and "cutbacks" in certain munitions programs have been given wide publicity. It is difficult for the business index to make progress now that plan construction largely has been accomplished, and the building index is on the toboggan; and (9) perhaps most important in the uncertain factors is the unfavorable weather condition which has been discouraging to crops for 1943. Farmers have been seriously retarded in efforts to plow or plant. Reductions in food production goals appear inevitable. If crop failures should develop later, the excellent industrial and military momentum developed in the past six months could be thrown in reverse; temporarily, of course. The market appears unprepared for digestion of this array of supply factors.

In the past two weeks our let-

(Continued on page 2064)

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Harriman Ripley Names Four Vice-Presidents

Joseph P. Ripley, Chairman of Harriman Ripley & Co., Incorporated, 63 Wall Street, New York City, announced that at a regular meeting of the board of directors, Harding C. Woodall, Walter V. Millette, David L. Skinner and Franklin T. McClintock were elected vice-presidents of the company.

Joseph P. Ripley

A graduate of Sewanee University with the Class of 1917, Harding C. Woodall entered the investment banking business in 1925 with The National City Company after a period of service with Wright Aeronautical Corporation and Cia Azucarera Vertientes in Cuba. He has been associated with the Harriman Ripley organization since January, 1935, and is a manager of the buying department.

Walter V. Millette, a native of Vermont, was with The National City Company organization continuously from 1921 to June, 1934, when he became associated with Brown Harriman & Co., Incor-

(Continued on page 2076)

V. & W. F. Fitzgerald Form Partnership

Frings & Nicholson Will Be With New Organization

Vincent Fitzgerald and W. F. Fitzgerald have formed a partnership to conduct a general securities business under the name of Fitzgerald & Company, at 40 Wall Street, New York.

The partners of Fitzgerald & Company were formerly President and Treasurer of Fitzgerald & Company, Inc., which is being dissolved.

J. George Frings will be associated with the firm as manager of the Trading Department and will trade in a general list of stocks and bonds. William D. O'Connor will be in charge of the bank and insurance stocks department, and John T. Nicholson, Jr., will be Sales Manager.

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St. Pauls vs. MOPS

An interesting comparison of the merits of St. Pauls and "MOPS" is contained in a circular being distributed by McLaughlin, Baird & Reuss, One Wall Street, New York City, members of the New York Stock Exchange. Copies of this circular may be obtained from the firm upon request.

Situations of Interest

Federal Machine & Welder Co. and Purolator Products, Inc., offer attractive possibilities, according to Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange. Interesting basic reports upon these companies may be had from Reynolds & Co. upon request.

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Herbert D. Seibert,
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Thursday, June 3, 1943

Published twice a week [every Thursday (general news and advertising issue) with a statistical issue on Monday]

Other Offices: Chicago—In charge of Fred H. Gray, Western Representative, Field Building (Telephone State 0613). London—Edwards & Smith, 1 Drapers' Gardens, London, E.C.

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Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 3, 1879.

Subscriptions in United States and Posessions, $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year.

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Cgo. & Southern Airlines Offers Possibilities

Ward & Co., 120 Broadway, New York City, members of the New York Security Dealers' Association, have completed a detailed survey on Chicago & Southern Airlines, Inc., including the proposed post-war expansion of routes to establish a link between the North American continent and Greater East Asia, and to the Canal Zone and the West Indies. This is the second in a series on over-the-counter air line stocks which the firm's research and statistical department has prepared.

Also offering an attractive situation at present levels is Metal & Thermit Corporation, a leader in its field, the recovery of metallic tin, tin oxide and other tin compounds, and heavy melting steel from tin plate scrap.

Copies of both circulars may be had upon request from Ward & Co.

Now Corrigan & Co., Inc.

MIAMI, FLA.—It is announced that the firm name of Corrigan, Miller & Company, Incorporated, has been changed to Corrigan & Company, Incorporated, effective June 1, 1943. Personnel of the firm, which is located in the Security Building, remains unchanged.

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Peacetime Prospects For Aircraft Industry

By E. E. WILSON
President, United Aircraft Corp.

In view of the uncertainties as to the general attitude of Government toward postwar business, it is difficult at present to estimate peacetime prospects for the aircraft industry.

Eugene Edw. Wilson

There are three major fields of operations. First, military and naval aviation; second, commercial air transport, and, third, private flying.

In the military and naval field, if we profit by previous experience, our national policy will require an adequate air force in a high state of readiness for emergency, equipped with aircraft of the most advanced type. The emphasis should be on advanced technology, since research can be made the basis of national security.

In the field of commercial air transport, we can hope to find a greatly broadened application of the airplane. The breadth will vary directly with the advance in engineering and design.

In the field of private flying, aviation can find a new outlet provided aircraft are developed which are better suited to that field. As an example, we may consider the Sikorsky helicopter, presently under development.

In all the foregoing, the emphasis on engineering research and development is paramount. Technological development flourishes under conditions favoring competition, and reward of individual initiative and enterprise. If those conditions return in the postwar period, aviation's future seems bright.

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Ulen Realization Corp.

War destroys values and creates opportunities. When the Germans drove into Poland, it was not only Polish property that was destroyed. The assets of Ulen & Co., a prominent utility engineering concern of world-wide experience and reputation, suffered drastic shrinkage. This company frequently took in payment for construction of utility projects the bonds of the nation where the work was performed. It held a large block of National Economic Bank of Poland 8s, 1967.

By October, 1941, the position of Ulen & Co. had become rather hopeless from the standpoint of getting new engineering contracts in foreign countries. The decision was made to liquidate and the present Ulen Realization Corp. was formed to take over the assets of the old company. Although the new company has made some progress in accomplishing its purpose, it is clear that the bulk of liquidation will come after the war.

In addition to its present holdings of National Economic Bank of Poland bonds amounting to $7,519,000 par value, the assets of the company include: (1) a contract for the operation of and additions to the water works of Athens, Greece; (2) a small holding of Greek 7s; (3) a 16-year contract with the State of Maranhao, Brazil, for the operation of public services on an annual fee basis; (4) various domestic bond holdings among which are $1,300,000 Rio Grande Water Co. 5s, 1976, and $200,000 Maverick County (Texas) water bonds.

The only capital obligation of the company consists of 400,000 shares of capital stock. All investments are carried at nominal quotations in the last published balance sheet, Oct. 31, 1942. With the increasingly favorable turn in the war, there has been substantial improvement not only in the outlook for the company's foreign assets, but also in the market value of its foreign bond holdings.

With respect to the company's principal asset—its National Economic Bank of Poland bonds—it has already filed claim against the French gold held in the United States. Poland was reported to have transferred the bulk of her gold to the Bank of France for reshipment to the United States before the Nazis overran the country. Whether this gold fell into the hands of the Germans later is

(Continued on page 2076)

The Challenge Of Post-War Deficit Financing

Federal spending is now at the annual rate of nearly 100 billion dollars, with only about one third of this amount collected in taxes. The minimum Federal debt at the end of the war will likely be around 300 billion dollars. Such a debt can be carried provided favorable conditions prevail for business expansion, sound economic and financial policies are followed, and the people are determined to take a firm and uncompromising stand in meeting the crucial issues involved in the financing of Government expenditures. This will not be an easy task for there is no royal road to take.

The battle lines over Government financing will be sharply drawn and bitterly contested for the stakes are high. In consequence, even while we are fighting a global war we must give serious thought to the fiscal policies we adopt since the manner in which the monetary problem is settled may well shape the course of events for decades and perhaps generations to come.

A new school of thought has sprung up in this country which holds the view that we need not worry about the debt since we owe it to one another, and that interest charges on public obligations are no burden on the economy because they represent merely the transfer of purchasing power from one group to another.

The statement that there need be no concern over the debt, since it is internally held, is not a realistic approach as we are not a collectivist society, although the adoption of the proposed philosophy would be likely to lead us in that direction. As our economy is now constituted, each individual maintains a separate accounting system of income and outgo, and must meet his own obligations. This fact is now being brought home to every taxpayer in the land. As he is compelled to make a drastic overhauling of his family budget in order to pay taxes, subscribe to War Savings Bonds, and meet the rising cost of living, it will be of little comfort to be told that his outlay for taxes constitutes no loss of purchasing power for the nation as a whole.

During the last depression there were wholesale defaults on farm mortgages. Many thousands lost

(Continued on page 2074)

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A partnership of Vincent Fitzgerald and W. F. Fitzgerald has been formed for the conduct of a general securities business.

The partners of Fitzgerald & Company were formerly President and Treasurer of Fitzgerald & Company Incorporated which is being dissolved.

J. George Frings will be in charge of the trading department of Fitzgerald & Company and will trade in a general list of stocks and bonds.

William D. O'Connor will be in charge of the Bank and Insurance stocks department.

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June 1, 1943 *WHitehall 3-9060*

Compromise Pay-Go Tax Bill Passed By House

The compromise pay-as-you-go tax bill as agreed on in conference was adopted by the House on June 1 by a vote of 256 to 114.

Favorable action by the Senate was expected yesterday (June 2) and assurance has been given that President Roosevelt will sign the measure.

Under the bill, designed to put 44,000,000 income taxpayers on a current basis, a 20% withholding levy against the taxable portions of wages and salaries will become effective July 1.

The income tax compromise bill provides:

1. Each taxpayer owing up to $50 in taxes for the one year, 1942 or 1943, in which he had the smaller taxable income, will get 100% abatement.
2. Persons whose abatement year tax bill is between $50 and $66.67 get a flat $50 abatement, and
3. All taxpayers with an abatement year bill over $66.67 receive a deduction of 75%; the remaining 25% to be paid half on March 15, 1944, and half March 15, 1945, in addition to current taxes.

In all cases the abatement occurs in the one year, 1942 or 1943, in which the taxpayer had the smallest taxable income.

It is estimated that the measure would add about $3,000,000,000 to Federal revenues in the 1944 fiscal year, through the partial doubling up in collections.

Enactment of this bill does not relieve taxpayers from paying the June 15 second installment of their 1942 income tax obligation. Associated Press advices from Washington, June 1 stated:

"Installments paid before July 1 on the basis of 1942 income will be transferred as a credit to 1943 obligations. Wages and salary earners will begin paying July 1 the rest of their 1943 bill through the withholding levy.

"Persons with income other than wages and salaries must estimate their income for the current year, and continue to pay by quarterly installments. Similarly, persons with wages or salaries above the 20% withholding level will estimate their upper bracket income, and pay quarterly on that part of their obligation above the withholding level.

On next March 15, all taxpayers—as at present—will file their final return on 1943. On this return, adjustments will be made for differences between the estimated or withheld tax, and the correct tax reported by the taxpayer.

Agreement on the compromise measure was noted in these columns May 27, page 1956.

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N. Y. Bank Earnings Increasing?

By W. W. PHILLIPS

Banks in general, and New York City banks in particular, are likely to charge off assets in large totals this calendar year; they are practically certain to end the year not only with the largest total assets on record, but with the largest expansion of assets—in dollars—on record. Finally, incomplete, but official figures, suggest that 1943 will show the largest profits, even after heavy charge-offs, for many years—possibly an all time record.

Loans and Investments Expanding

It is an amazing fact that bank stocks in general have been comparatively neglected because of an astounding and fairly general error. "Banks cannot earn large profits because they cannot lend their money"—that is the amazing error many well informed people labor under. These people think that banks cannot lend their money when as a matter of fact loans and investments are expanding at the most rapid rate in the entire history of the country and are now at an all-time peak. Take New York City banks for instance. On May 19, 1943, official figures released by the Board of Governors of the Federal Reserve System, show $18,330,000,000 loans and investments. On September 4, 1929—peak of the great bull market in stocks—loans and investments of these same reporting member banks stood at $7,546,000,000. In short, loans and investments of reporting New York City banks are approximately 2½ times as large as they were when this country was white hot with commercial and industrial activity, and when many New York bank stocks were quoted several times current prices.

Number of Employees Reduced

Take another date for comparison—December 29, 1937. On that date reporting New York City member banks had $7,857,000,000 loans and investments, which compares with $18,330,000,000 on May 19, 1943. Loans and investments have not only more than doubled since the end of 1937 BUT with this unprecedented increase in loans and investments, these banks have actually succeeded in reducing the number of employees. For instance, we mention that the Guaranty Trust Company, although its assets have about doubled, is now employing about 600 fewer people than at the end of 1937. Chase National Bank is employing approximately 800 fewer, and it may be stated on the authority of the office of Comptroller of Currency that national banks in New York had 12,778 employees at the end of 1942, which compares with 13,671 at the end of 1937.

Bank Capital Increasing

With assets more than doubled and fewer employees one might

(Continued on page 2073)

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Beveridge Declares His Plan For Post-War Social Security Unsuited To United States

Cites Geographic, Historic And Economic Experiences Between U. S. And Britain

Sir William Henry Beveridge, author of Great Britain's Social Security Plan told the Columbia Alumni on June 1 that he did not think his plan is wholly applicable to the United States, even though both countries face the same post-war need for a social security program, said the New York "Herald Tribune" of June 1, which also gave the following:

"You don't want anything exactly like my plan, but you do share our problems and you must find some solution," the sixty-four-year-old Scot told the Columbia University Alumni Federation at its annual luncheon in the Men's Faculty Club at 117th Street and Morningside Drive.

Sir William explained that he did not think his plan would work in the United States because of geographic, historic and economic differences between this country and Great Britain.

For one thing, he said, this country is much larger and more homogeneous than Great Britain, and for another this nation started to gather wealth much later than Great Britain and became wealthy much quicker.

As for the geographic differences, Sir William cited the coal strike as an illustration of national disunity that would not arise in his country because it is situated "3,000 miles closer to Germany" and is, therefore, much more aware of its danger.

"We in Great Britain," said Sir William, pointing out other differences between the countries, "are far more ready to believe in the possibility of good government than you are. We are not afraid of government, because we are a democracy and can control it. But you, possibly remembering your experiences 150 years ago, are suspicious of it."

Explaining his social security plan in general terms, Sir William said that it was the result of a careful analysis of Great Britain's economic structure.

His plan for social insurance, he explained, "is simply an appeal to fact and reason," based upon the facts of wealth and poverty in Britain. An analysis of conditions in Britain, he said, convinced him of the need for an adequate sharing of the national income.

Sir William expressed confidence that the plan eventually will be adopted by the British government because, he said, the plan "is insurance, not charity," and because it requires a weekly contribution from all toward a subsistence benefit, yet leaves them free to add to the benefit in any manner they can.

"It is security with freedom," said Sir William. "It is universal; it applies to all, rich and poor." The plan makes the nation more conscious of a national unity, he added, and gives the people hope for post-war security.

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Railroad Securities

Announcement of the recommendations of the Fact Finding Board on the demands of the non-operating railroad unions for an increase in wages was practically ignored by both the bond and stock lists. The increase of eight cents an hour was somewhat more than was generally expected but did represent a sharp reduction from the twenty cents an hour increase sought. Also, the Board refused to recommend a closed shop or an increase in the minimum wage from 46 cents to 70 cents an hour. Probably the most important consideration was the reasons given by the Board for the recommended increase.

The action is not based on the "Little Steel Formula" but it is certified as being consonant with the national stabilization program. The increases were recommended specifically as the minimum non-inflationary adjustments necessary to correct gross inequities and to aid in the effective prosecution of the war. The manner of the award is being accepted as an indication that little, if anything, is liable to be awarded the operating unions in their pending requests for wide increases. Certainly it would be difficult to justify a recommendation by the Board for higher wages on the grounds of inequities and if a substantial award is recommended to "aid in the effective prosecution of the war" it would be difficult to avoid granting wage-increases of similar nature to any group seeking higher wages.

The recommendations of the Fact Finding Board are not subject to review of the War Labor Board but may be modified by Stabilization Director Byrnes. It is generally expected that he will not make any modifications and that the recommendations will therefore become effective in thirty days. The attitude of both the speculative and investment markets is that the uncertainty as to wages has now been pretty well cleared up, and that the danger of a substantial increase to the operating unions has been abated materially. Thus, the market can return now to a more accurate appraisal of earnings trends and potentialities, and financial progress and prospects. A generally bullish feeling is clearly in evidence.

While the increase recommended is somewhat greater than had been generally expected and is retroactive to February 1, it will not have too serious an influence on 1943 earnings at least. Traffic volume remains the one key to railroad earnings regardless of any other consideration. The emergency Board estimated the annual cost of these wage increases at $204 million but independent estimates place the figure at closer to $180 million. In either event the gross cost in 1943 will be no higher than $180 million. Of this total it is indicated that roughly 50% (and perhaps more) will come out of the United States Treasury's pocket, being offset by savings in income and excess profits taxes.

This increase in wages will be supplemented by the loss in revenues from recent suspension of freight rate increases. In recommending the wage increase the Board specifically pointed out that they do not justify any increase in rates or resistence to justifiable reductions in such rates. The net loss probable from suspension of the freight rate increases this year, after adjusting for the tax savings, has been estimated at no more than $90 million.

The net effect of the two influences on 1943 earnings, then, will likely be around $170 to $180 million. In the first quarter alone net operating income of all Class I carriers was about $120 million above a year ago and the indicated further gain in April should go far towards wiping out the balance of the estimated loss from rate and wage adjustments. On this basis it seems safe to forecast that 1943 net income will be the highest for any year on record with the exception of 1942 and not far below the level of roundly $950 million, after taxes and charges, realized in that period.

The influence of the wage and rate adjustments will naturally not be uniform for the individual units in the industry. Some will suffer considerably from the loss of revenue and increase in expenses. On the other hand, those that have been in the high excess profits tax brackets will be little affected. Also, roads carrying a large proportion of farm products, iron ore, etc., will suffer relatively little loss because the freight rate increases had been of little benefit in any event.

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(Special to The Financial Chronicle)

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Pennsylvania Municipals

As has been true of most local and sectional municipal markets, that of Pennsylvania has shown noticeable strength in the last three weeks. Typical likewise has been a decided curtailment of supply. The source of what few offerings have appeared has represented, principally, liquidation on the part of insurance institutions, which liquidation has been readily absorbed.

Early in May, the Teachers' Pension Fund at Harrisburg sold at public auction, $4,000,000 Philadelphia School District 1½s, maturing from 1944 to 1959, at substantially high bids and there are but $390,000 of these bonds unsold. An additional $1,000,000 of the same bonds were bought by the Fund's Sinking Fund. The impressive fact about this sale was the number of bidders and the high bids made for other blocks of bonds which, however, were not sold.

The market on various City of Philadelphia bonds has advanced steadily to the high of the past few years to such an extent that the bonds, eligible under the Refunding Plan of 1942, show from a minus yield to a 1.8% yield on the longest maturity. Prices for the 1½% bonds, in a number of instances, are higher than their original offering prices of October, 1941.

The bettering of City of Philadelphia bond prices may properly be attributed to this particular display of bidding strength and paucity of supply. Even so, Philadelphia, Allegheny County and Pittsburgh issues account for most of transactions recorded. Other descriptions are from scarce to absent.

It is interesting to note that, during and following the Second War Loan Drive, there was marked investment buying of municipal obligations. The fact that the War Loan Drive was oversubscribed by $5,000,000,000 appeared to have a stimulating effect on all municipal markets. This **oversubscription** of five billion dollars was approximately equivalent to the largest **sale** of Liberty Bonds during the First World War. The mere announcement of the oversubscription caused a widespread marking-up of municipals held in inventory.

The elmination of the Pennsylvania four mills personal property tax (leaving four) did not seemingly affect the municipal market. There was little if any publicity given this reduction, but there was no apparent disposition to look for possible corporate switches.

Pennsylvania Turnpike bonds continue in demand and have firmed in price over the last fortnight despite driving restrictions which have seriously affected revenues. With pleasure driving banned, permissible commercial traffic may or may not cover fixed charges, but the available reserve fund is considered ample to protect debt service for a long time ahead.

The general feeling is that the scarcity of new issues will continue. Municipalities have tightened their belts for the duration. New projects have been postponed until peacetime. Scheduled offerings of $75,000 Ridley Townships, $80,000 Abington Townships and $1,500,000 Allegheny County bonds will not go far toward satisfying a continuous and growing demand.

New Jersey municipals, many of which find primary markets in Philadelphia, are subject to the same conditions of under-supply and over-demand. A recent issue of Montclairs, maturing from 1943 to 1958 were sold as 1¼s and Hamilton Township 3½s, 1961-78, are offered from 2.28 to a 2.50 basis.

DEALER BRIEFS

Allentown, Pa.

Don't sell America short! Certain railroad issues—bonds in particular and some preferred stocks—selling at ridiculously low prices will within the next few years, we believe, be sought after at considerably higher levels. The reorganized rails in particular, with drastic capitalization reduction, should be able to meet their fixed and contingent charges even during "slump times." However, prewar prognostications impel us to forecast that with the world's abnormal demands for all types of merchandise and materials, we look for the greatest wave of prosperity we have ever experienced. Be an optimist—not a scholarly, economic communist who has it all figured out for everyone although none have ever made good personally. Don't sell America short.—*Charles C. Applegate, Roth and Company.*

Pennsylvania Brevities

Traction Issues Favored

Fare registers are clicking overtime and the sounding of a motor horn has become a strange cacophony as the O.D.T. lets go its Sunday punch against the automobile. The silver lining is plentifully intermixed with copper and nickel as John Q. Public and his neighbor join the straphanger army. The Philadelphia Transportation Company and the Pittsburgh Railways Company, systems serving Pennsylvania's two large metropolitan areas, report traffic movement in excess of anything experienced for over a decade.

Traction issues have been quick to reflect the anticipation of augmented revenues, a good proportion of which will be carried through to net. Equipment of both the Philadelphia and Pittsburgh companies is excellent, much of it new. Generally speaking, these two large traction companies are in a position adequately to handle and to benefit from the diversion of additional traffic from rubber to rail. The curtailment of competing bus service is another favorable factor. Some bus routes have been eliminated. In other instances, only the morning and evening schedules are retained. This should serve to equalize traction loads throughout the day. Moreover, traction companies which have previously found it necessary to operate non-profitable auxiliary bus service will now largely be relieved of this burden.

In appraising the present and future value of street railway securities, the duration of present restrictions on gasoline and rubber and the question as to whether such restrictons are likely to be relaxed or intensified is of great importance. Gasoline and fuel oil requirements of the armed forces are of paramount concern. We have been assured that our military offensives will continue relentlessly. Only those qualified to know can estimate the tremendous supplies of fuel which must be stored at all points of attack and which must be unfailingly maintained throughout activities. Thus it appears reasonable to believe that restrictions will continue as long as large-scale military operations are planned or in progress on any fighting front, in other words for the duration of the war. It may further be assumed that any relaxing of restrictions will occur in reverse order. If this surmise is correct, the ban on pleasure driving will be the last to be lifted.

At the annual meeting of the **Investment Women's Club of Philadelphia**, held May 17, the following were elected to serve for the current year: President, Ruth P. Empfield, Montgomery, Scott & Co.; Vice President, Emily E. Gabel, E. H. Rollins & Sons; Treasurer, Elizabeth Groener, Montgomery, Scott & Co.; Secretary, Elizabeth Fox Patterson, Lazard Freres; Executive Board, Marjorie A. Dechert, National Board of Medical Examiners; Helen V. Newkirk, Stone & Webster and Blodget; Adela E. Brooks, Provident Trust Company.

The following new members, all of Montgomery, Scott & Co., were admitted: Betty Brilliant, Katherine R. Grohe, Anne T. Sullivan and Helen Whittaker. The business meeting was followed by a fish fry at the Russian Inn.

U.G.I. Plan "Stubbed"

Two stockholders of **United Gas Improvement Co.,** Emma L. and Walter Howard of Germantown, between them owning 1,250 shares U.G.I. common, have thrown an obstacle in the path of the company's partial liquidation plan which was approved by the S.E.C. March 18 and which has since been ratified by stockholders.

Objectors' counsel states that, under the Plan, U.G.I. preferred stockholders would receive as much as $12 per share more than appears equitable. The U. S. District Court is asked to set aside the S.E.C.'s confirming order and limit the return to U.G.I. preferred stockholders to $100 per share.

Consensus: Another typical nuisance action, annoying but futile. Trading in U.G.I. "Stubs," the residual certificates, has quieted down. The over the counter market remains firm at 2, less to plus a commission.

Because of restrictions on automobile driving, the annual outing of the Bond Club of Philadelphia has been indefinitely postponed. Similar action was taken by President George H. Williams of the **Investment Traders Association** in respect to the Field Day scheduled for June 11. Net savings: some gasoline, a lot of beer and an indeterminate num-

(Continued on page 2063)

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Tomorrow's Markets Walter Whyte Says——

Current market action cancels last week's "up" signals. Immediate reaction not indicated but "down" signs gathering again.

By WALTER WHYTE

Last week I decided that the market had at long last showed enough to warrant abandoning my snug sideline seat and therefore recommended the purchase of a list of stocks at specific prices. I was painfully aware that by doing this I was following the path of least resistance. I also realized that in taking a bullish stand I was joining the mob. Frankly I didn't like it. But I knew too much of the devastating power latent in a locomotive with a full head of steam to stand on the track daring it to do its worst. So I jumped the gun. Or rather I waited until everyone else had jumped the gun and then followed.

* * *

Since then I have watched the market carefully. I checked all checkable transactions. I pored over short positions; examined odd lot buying and selling. In fact I did about everything it is possible to do as if I was not already committed to the long side. The result was not cheerful.

* * *

The buying did not show up as "quality" buying. Short positions were smaller than generally realized; in most cases they were of the day to day variety—a short line put out in the morning and taken in at the close. Odd lot selling by odd lot brokers was heavier than usual. This means that the small trader was in there buying and that the odd lot broker was in there selling.

* * *

The only indication I could discover which pointed to higher prices was the possibility of inflation taking hold in the price list. Inflation however does not preclude sound trading practises. On the contrary, the good trader knows only too well that the question of timing is of paramount importance in inflationary markets. He knows he won't get the tip of any move except by accident but that shouldn't prevent him from converting his paper into cash when the market gets to the talking up stage. It is quite possible that in getting out he may be way ahead of the market. Prices may go up some more and leave him stranded looking silly. But in my experience I have discovered that it's a lot more comforting to look silly with cash than be glum with margin calls.

* * *

As this is being typed the D. J. industrials have made a new high of 142.90 while the rails have dropped off a few pennies. It's easy to point to the action of the rails and say that their refusal to follow industrial strength is ominous. However it is nothing of the sort. A one day's action doesn't mean anything in the scheme of things. No, it is not the action of the averages of yesterday which rings a danger bell. It's the lack of action followed by the vociferous public which sees in this lack nothing more serious than just another "resting spell" that adds another warning note to the others mentioned a few paragraphs back.

* * *

I realize all the foregoing sounds quite pessimistic for the immediate future. I don't intend it to be so. For while there are enough signs to indicate lower prices none of these signs are urgent in character. In all likelihood the market will probably go up some more before it is ready to turn down. Yet, as I have pointed out, I don't know when this reversal will take place. So instead of waiting until all the indicators are in their proper slots I prefer to sound the warning now.

(Continued on page 2073)

NYSE Margin Rule On Securities Under 5

The New York Stock Exchange's revised general margin rule requiring that no value be given to securities selling below 5, in determining the margin status of customers' accounts, went into effect on June 1. However, the Exchange points out, registered non-exempted securities selling below 5 continue to have loan value under Regulation T of the Board of Governors of the Federal Reserve System. It is also stated that "any amount of margin which may be required because of the provisions of paragraph (o) of Rule 550, as amended March 25, must be obtained promptly and in any event within a reasonable time." This amended rule was reported in our issue of April 1, page 1205.

Mann & Boore With Hogle

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—William H. Mann and N. Milton Boore have become affiliated with J. A. Hogle & Co., 507 West Sixth Street. Mr. Mann was formerly a partner in Wm. H. Mann & Co., of Hollywood, and prior thereto he was with Post & Flagg, Lamborn, Hutchings & Co. and Thomson & McKinnon. Mr. Boore was previously with Harbison & Gregory and Van Denburgh & Bruce.

Pennsylvania Brevities

(Continued from page 2062)

ber of trades which would have to be cancelled the following day anyway.

Lukens Steel Co., with its subsidiaries, By-Products Steel Corp. and Lukenweld, Inc., has arranged a $10,000,000 V-Loan 3% credit to finance vastly expanded war production program. Approximately half this sum will be currently utilized. Negotiations were conducted with the Bank of Manhattan Co., which acted as agent for others participating in the loan: the Pennsylvania Co., First National Bank of Phila., Tradesmens National Bank & Trust Co., Central Penn National Bank, Fidelity-Philadelphia Trust Co., Marine Midland Trust Co., Empire Trust Co. and National Bank of Chester Valley.

Consolidated sales of **Lukens Steel** and subsidiaries for the first 24 weeks of the current fiscal year were $24,851,530, a new record as compared with the previous high of $19,920,168 for the similar period of the preceding year. Net profit for the period was reported at $591,968 after all charges and an estimated allowance for income taxes, but before giving effect to possible renegotiations.

Walter Schumann, Dolphin & Co., has completed construction of his sumptuous "No. 3 Dog-house," which is now ready for occupancy. Charles ("Bey") Wallingford, E. H. Rollins & Sons, has borrowed the plans and will erect a similar structure in the back yard of a new Germantown property which he has purchased with this thought in mind.

Trading in the financial district is not always confined to an exchange of multi-colored engraved certificates. **Drexel & Co.** and the **First National Bank**, two of Philadelphia's "oldest and biggest" have concluded negotiations to swap their midtown banking quarters, both at 15th & Walnut Sts. The exchange of properties had been delayed pending a court decision as to the rights of the bank in respect to its present lease. This has now been determined.

Drexel & Co.'s building, built in 1927, was specially designed to accommodate the combined business of deposit banking, general securities and underwriting. In 1940, Drexel & Co. discontinued deposit banking. So now, the better to serve the interests of their respective customers, the securities firm takes over banking quarters, and vice versa!

"Poor & Weary" to Remain So?

The S.E.C., last week, deluged the **Philadelphia & Western Railway Co.'s** recap plan with a bucket of ice water in the form of an advisory report which concluded that the plan, while fair, was not feasible and should not be approved. Going back over the records of 22 years' operations, the S.E.C. selected the 5-year span, 1936-1940, as being representative of the Company's normal earnings expectancy. The fact that these particular five years were by far the least favorable in the Company's entire history can scarcely be accepted as coincidental. At any rate, the S.E.C. believes that the existing mortgage bonds, now outstanding in the amount of $2,627,000, should not be scaled down to $1,057,300, as contemplated in the Plan, but should be reduced to not exceed $500,000. The Company reported net earnings for 1942, after all expenses and taxes, of $225,720. **Sic transit gloria mundi.** And sometimes Tuesday, too.

The common stock of **Autocar Company**, currently on a $2.00 dividend basis and selling for less than 15, may still be undervalued from a market standpoint. The Company's backlog of military orders is at an exceptionally high level but because of rigid censorship on defense contracts, actual figures are not available. Plant expansion which virtually doubled capacity has been completed and production should run well above normal peacetime output for the duration.

While the company will benefit from large Government orders and from increased industrial demand arising from the war effort, it is also in a unique position in that its post-war adjustments should be comfortably cushioned by an accumulated demand for new trucks .

The stock is tax free in Pennsylvania.

A committee of four Philadelphia siege guns, **Edward Hopkinson, Jr., Drexel & Co.; James E. Gowan, President of Girard Trust Co.; Marshall S. Morgan, President Fidelty-Philadelphia Trust Co.**, and **Clarence A. Warden**, have been granted permission by the S.E.C. to solicit authorization of representation from preferred stockholders of Commonwealth & Southern Corp. in connection with the company's integration and simplification proceedings. Hearings have been set for June 7.

The directors of Philadelphia Electric Co. have authorized applications for listing on the New York Stock Exchange of the company's 4.4% preferred, $1-dividend preference common, when issued, and new common, when issued. It is planned to effect the listing when the details of reclassification have been completed.

With York Ice Machinery Corp.'s Plan of Recapitalization and Merger still locked up in the chambers of President Judge Biggs, U. S. Circuit Court of Appeals, Assistant Treasurer John F. Lebor was asked the company's disposition in respect to further possible legal delays. He replied as follows: "In the event of a favorable decision from the Circuit Court, we would immediately proceed to arrange for the physical exchange of securities in accordance with the Plan. The new stock certificate plate has been

(Continued on page 2064)

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CHICAGO Room 610 — 208 So. La Salle St.

NATIONAL SECURITIES & RESEARCH CORPORATION
120 Broadway, New York : : Russ Bldg., Los Angeles

Investment Trusts

Material to assist dealers keep in touch with old and new clients by mail is an important part of sponsor literature these days. This development is the logical answer to increasing transportation difficulties and manpower shortage.

Whereas the bulk of investment company literature in recent years has been prepared in a format permitting enclosure in a standard business envelope, the context and presentation of the material has more often been designed for the dealer and the salesman than strictly for the investor. In contrast, the "mailing pieces" coming to hand recently bear evidence of having been prepared to meet the requirements of dealers in making effective direct-mail contact with their clients.

A striking example of such material is Lord, Abbett's new folder on Union Common Stock Fund B. Entitled, "Now You Can Get Both," it pictures the greater gain-possibilities and larger dividend-income available from lower-priced common stocks. Type, color and lay-out are skillfully combined to give emphasis and eye-appeal to the presentation. It's the kind of sales help salesmen-shy dealers will welcome—and it's designed to get results.

Using a time-tested approach for developing new clients, Calvin Bullock is offering dealers material for a somewhat different type of mailing. It consists of two double postcards, one stressing assurance of sharing in any further market advance and the other stressing stability of income. Folders covering these two aspects of Dividend Shares are available for use in answering returns from the postcard mailings.

Another mailing piece just off the press is Hugh W. Long & Co.'s "Ten Investment Advantages Tested by Ten Years of Successful Service to Investors." It is a simple, readable leaflet summarizing the features of fundamental investors.

Distributors Group's most recent sales presentations adaptable to direct mail use by dealers are two impressive folders on Fully Administered Shares. While the format is the same for both, they are quite dissimilar in context. As succinctly stated by the sponsor, "one has 'color'—the other leans to the dignified side."

In the Mailbag

National Securities & Research Corp.'s last issue of **National Notes** contains an interesting discussion of "Trading Versus Investing in a Bull Market." This column thought the following comments were particularly apropos:

"Market history is replete with stories of unstable amateur investors who buy on bulges, get scared out on dips, in again on the next bulge, out again on the reaction—and finally end up broke at the top of a Bull Market. Most in-and-outers, who are not shrewd traders, will not do as well as they would by selecting good issues and sitting tight excepting for necessary adjustments.

"A law of physics is that there is no movement without friction, and no friction without wear. **Too many traders wear out their capital instead of investing it.**"

* * *

Lord, Abbett's **Abstracts** examines "A Year of Rising Markets" and demonstrates that, "leverage in a common stock fund gives you added appreciation in rising markets because extra dollars work for you." The record covers the period from March 31, 1942 to March 31, 1943. Here it is:

	% Gain
Affiliated Fund	69.6
Average of 31 (Non-leverage Funds*)	40.3
Dow-Jones (Composite Average)	38.9

*Funds in Barron's Quarterly Investment Trust Gauge.

* * *

The Parker Corporation **Letter** quotes at length from the April issue of **Exchange** on the important steps which should be taken "Before You Can Invest Intelligently." Shares of Incorporated Investors are held in every State in the Union in amounts ranging from one share to over 23,000 shares.

Low Priced Shares

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Edward Brockhaus Co. Now Is A Partnership

CINCINNATI, OHIO — Edward Brockhaus & Co., Union Trust Building, formerly a corporation, is now active as a partnership.

Weekly Stock Market Comment

(Continued from page 2058)

ters have been cautionary. Now, we believe a more decisive capital-protection policy might be instituted since all of us should be reminded how sudden, unexpected reactions, of a few days, such as in July, 1933, or for some weeks or months, as in the Summer of 1934 and in the Springs of 1939, 1940, 1941 and 1942, vitiated the accumulated profits of the previous months or years; (1) those who borrow money at banks to buy securities, or who do business on margin, should sell down to an outright basis, as someone has said to "the sleeping point"; (2) large outright trading and investment accounts which are not temperamentally prepared for a possible sharp, or slow and extensive reaction and who tend to sell stocks "at the market" in a market scare, after they are considerably down from their highs, should secure cash reserves of approximately 25% of the aggregate present value of their holdings; and (3) small accounts, say up to $100,000 in value, which usually cannot afford to lose any money, should secure even larger credit balances.

For those who, despite the foregoing, feel that they must purchase securities for income or for other reasons, we direct attention now only to strong defensive equities such as American Chicle, Beech-Nut Packing, National Dairy and Swift, and to preferred stocks selling below call prices; also, to selected aircraft manufacturing stocks such as Lockheed, Consolidated Vultee Aircraft $1.25 convertible preferred and common and others which have enjoyed relatively little rise and therefore are not as subject to corrective reaction.

Rail Stocks

We would withhold further purchases of Southern Railway common and traders in it are advised to accept profits in this or any other railroad common stock which has enjoyed material advance from 1942 lows. With a rate cut effective May 15th, a wage increase just granted for one railroad employee group and another increase for other railroad employees expected, and with traffic arising from construction of industrial plants, camps and many other war-induced building projects disappearing, there seems to be adequate reason for the lack of progress exhibited by most speculative railroad stocks immediately after the bullish Dow signal was given. We feel that net operating income of many railroads from here on will make much less inspiring comparisons with last year. Also, note Southern Railway's comparative decline for April.—*Research Department, J. R. Williston & Co.*

Pennsylvania Brevities

(Continued from page 2063)

engraved and the only delay would be the short time involved in the actual printing of the certificates, simultaneously with which instructions would be issued to stockholders regarding the mechanics of effecting the exchange. The latter would be done through a fiduciary agent representing us."

Renogotiation Service Opens In Detroit

DETROIT, MICH—The Renegotiation Service Company announces the opening of offices in the Penobscot Building. Principals in the firm are Milton A. Manley and Edward T. Bennett, partners in the Detroit Stock Exchange firm of M. A. Manley & Co.

New York Title & Mortgage Co.
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Complete descriptive circular will be sent upon request.

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Real Estate Securities

1410 BROADWAY BUILDING
Built On The Site Of The Famous Casino Theatre

Bonds Earn 6.88%—Pay 3½%—Yield Over 10%

In the old days of Weber & Fields, Lillian Russell, Anna Held, John Drew, David Warfield and other great stage favorites of the gay nineties, The Casino including the famous "Casino Roof" was **the** spot of New York's strenuous night life of those hilarious times. The Casino was the deluxe home of musical comedy and the "Casino Roof" was the most popular night club of that period—except in those days a night club was known as a "music hall."

In 1930, realizing the need in New York for a building where department store and women's specialty buyers could find under one roof wholesalers of women's apparel and general accessories, a prominent firm of builders took a lease on this famous property, which is located at the southeast corner of Broadway (107 feet) and 39th Street (144 feet) and demolished the romantic Casino Theatre and erected in its place a 33-story mercantile building containing a rentable area of about 270,000 square feet. In order to finance the construction of the building, bonds were sold to the public. These bonds are secured by a first mortgage on the building and on the leasehold estate in the land. The lease of the land runs for a term ending April 30, 1951, with the right to three renewal terms of 21 years each. Rental for the first 21 year term was twice reduced and is at present $132,000 per annum. Rental for the renewal term is to be determined by an appraisal on the basis of the then value of the land considered as vacant and unencumbered but never less than the preceding term. The fee cannot be mortgaged prior to the lease except to defray (and to the extent of) inheritance taxes.

The assessed value of the property for 1942-3 was $3,350,000, of which $1,600,000 represented the value of the land and $1,750,000 the building. Inasmuch as the bonds are not secured by the fee, but only a mortgage on the leasehold and on the building, let us consider only the value of the building for comparative purposes. At the current market of the bonds, a value of only $440,220 is placed for the entire bond issue compared with the value of $1,750,000 placed on the building alone in the City of New York's assessed valuation. It is also interesting to note that in April, 1931, appraisals were made by three leading real estate brokers of the leasehold and completed building. The lowest of these appraisals was $2,300,000 and the highest $2,535,000. There are $1,334,000 bonds outstanding compared with $1,400,000 originally issued. Interest on the bonds is fixed at 3½% and bonds are currently offered at 33% of face value. Sinking fund requires annual retirement at the rate of 15% of net earnings after maintenance, ground rental, real estate taxes and bond interest but before Federal taxes and depreciation.

Interest rate on the bonds and ground rental was originally higher than at present. Both were voluntarily adjusted as follows in the following years:

1933—Under an agreement effective May, 1933 (98% of the issue assenting thereto) interest rate on these bonds was reduced from 7% to 3½% per annum for the period Oct. 15, 1932 (interest payment April 15, 1933) to April, 1941, and ground rent reduced from $208,000 to $159,000 until April 15, 1941.

1938—Plan proposed on Dec. 22, 1938, and declared operative in July, 1941, provided for: (1) Extension of maturity of the bonds to April 15, 1951, subject only to reduction in annual rental payable under ground lease to $132,000 for and during the period of extension; (2) Continuation of interest at 3½% during period of extension; (3) Continuation of existing sinking fund requirements.

Bondholders (about 10% in amount) who did not assent to the plan have received no payment of principal or interest.

Earnings for 1942 have improved, showing interest earned 1.96 times per bond against 1.45 times in 1941. We are informed

(Continued on page 2076)

TRADING MARKETS IN
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Joseph Mayr Co. Formed

Joseph Mayr & Company has been formed with offices at 50 Broad Street, New York City, to engage in a securities business. Partners in the firm are Josef Mayr, Senta Mayr and Theophil Wolter. Mr. Mayr was formerly proprietor of Hanover Exchange Co. and prior thereto was an officer of Hansa Securities Corp.

Commentary On Dr. Anderson's Analysis Of Keynes And Morgenthau Stabilization Plans

A summary of the address made recently by Dr. Benjamin M. Anderson, in which he analyzed the Keynes and Morgenthau Foreign Exchange Stabilization plans, was given in the May 13 "Chronicle," and the full text of his paper was also published; the first part in the second section of May 20 and the balance in the issue of May 27. In connection with Dr. Anderson's study of the plans, the following letters have been received:

ARTHUR W. MARGET

Professor of Economics and Finance, University of Minnesota

The remarks by Dr. B. M. Anderson on the Keynes and Morgenthau plans, like all of Dr. Anderson's utterances, are provocative and challenging, and deserve either acceptance or refutation. For my part, I accept some of the steps in his argument; but I deny that these particular steps necessarily lead to his conclusion: namely, a condemnation of "the Morgenthau and Keynes plans **in toto.**"

The parts of Dr. Anderson's argument which I accept are as follows:

1. "It is a desirable thing to have stability in foreign exchange rates." Since there is no disagreement between Dr. Anderson and myself on this proposition, I should like to point out that there **has** been very violent disagreement on it as between Dr. Anderson and myself, on the one side, and, on the other, some of those who are now actively sponsoring the Morgenthau and Keynes plans. It was, after all, the Roosevelt administration that, at the London economic conference, effectively sabotaged the chances of obtaining a working arrangement for preventing competitive exchange-depreciation. (It is simply a misrepresentation of the facts to suggest that the issue at that conference was a choice between no agreement and an agreement to return to the gold standard at the old pars). And it was Lord Keynes who, from the early 1920's, persistently minimized the importance of exchange-stability as compared with other types of "stability" which, he believed, conflicted with the maintenance of exchange-stability.

This fact seems to me of the utmost importance. For what it means is that, after some years' experience with the blessings of "autonomy" in international monetary matters, two of the leading sinners, among the nations of the world, are prepared to confess their sins and promise to mend their ways. I cannot, therefore, see, in the fact that under both plans the United States and Britain promise to limit their sovereignty in matters of international monetary policy, the sinister significance which is suggested by Dr. Anderson's statement that "both plans set up a super-national Brain Trust which is to think for the world and to plan for the world, and to tell the governments of the world what to do."

2. But, Dr. Anderson argues, "a rigging of the foreign exchange markets so that they will record fixed rates among sound and unsound countries, regardless of a deterioration in the fundamentals governing the values of the moneys of the unsound countries, merely masks the facts of financial disease and disorder, and defers the time when these fundamentals must be dealt with." Of course I agree entirely with this proposition. Where I disagree with Dr. Anderson is in his conclusion that both the Keynes and the Morgenthau plans are bound to lead to this mistaken kind of "stabilization." And I disagree even more strongly with his implication that, under any practicable alternative to the Keynes and Morgenthau plans, we stand a better chance than we do under either of those plans of avoiding either the Scylla of ill-conceived attempts at stabilization or the Charybdis of complete "autonomy" in the direction of competitive exchange stabilization.

I grant, without hesitation, that what is involved here is a judgment as to practical possibilities and probabilities. I grant, further, that justice to Dr. Anderson's argument would demand an examination of the reasons he advances in support of his own judgment, in a detail which is denied me here by the limitations of space. But it does seem to me fair to point out that the issues involved in this type of judgment as to practical possibilities and probabilities are the same as those involved in any discussion of post-war arrangements in the international **political** field.

"If the fundamental causes of the exchange weaknesses in Europe were corrected," argues Dr. Anderson, "no such international machinery would be needed." Of course I agree. I wish to point out merely that one could say, with equal justice, that if the nations of the world would use their sovereignty in such a way as to refrain from policies leading to war, there would be no need for international machinery, involving the sacrifice of considerable elements of sovereignty, to maintain peace. There is a growing feeling throughout the world that, in the political sphere at least, the risks associated with the establishment of an international machinery for the maintenance of peace are, on balance, much less than the risks of trying to get along without machinery in that sphere. It may turn out that those who feel this way are starry-eyed dreamers, who will in the end do more harm to the world than the hard-boiled "realists" who contemplate no sacrifice of the smallest part of national sovereignty. It may also turn out that those who look forward, in the field of international monetary policy, to the degree of cooperative action contemplated by the Keynes and Morgenthau plans, are likewise starry-eyed dreamers, who will in the end do more harm to the world than hard-boiled "realists" like Dr. Anderson. But I survey the results of the absence of such cooperative action, and the machinery for effecting it, during the last two decades, and I find myself, for once, on the side of the "dreamers."

KEEHN W. BERRY

President, Whitney National Bank of New Orleans

I think the statement of Dr. Anderson on the Keynes and Morgenthau stabilization plan should be given general circulation. I concur in his reasoning.

Oil Output To Decline

Petroleum Administrator for War Harold L. Ickes on May 20 certified to the various oil producing States a production rate for June, 1943 of 4,218,900 barrels daily of all petroleum liquids, a net decrease of 18,500 barrels daily from the May, 1943 rate.

The rates of production certified to the Eastern and Midwest producing states were generally reduced to conform with the continued declining productive capacities of the fields in these areas, The production rates certified for the Rocky Mountain and California producing areas remain essentially the same as those certified for May. The rate certified to District 3 was increased 11,300 barrels daily.

US And Canada Agree On Joint Export Plan

An agreement whereby exports of the United States and Canada to other American republics are to be "jointly programmed" to assure their use in the war effort was announced on May 21 by the State Department in Washington.

"Effective June 1," the Department's announcement said, "Canada will participate in the decentralized export control plan, the purpose of which will be utilized to the best interests of the war effort and to maintain the essential economy of those countries." The announcement added:

"The procedure provides for the joint programming of exports within the available supply of scarce materials and within the available shipping space."

This joint programming will follow as far as possible the specific requests or recommendations of the importing countries, the statement said, according to Associated Press advices, which also stated:

At present, agencies set up in the American republics certify, within the available supply and shipping tonnage, orders for goods to be exported from the United States. This procedure now is to be applied also to Canadian exports, with American diplomatic missions and Canadian representatives co-operating closely.

Details of intergrating the program are being worked out by the State Department, the Board of Economic Warfare and Canadian officials, it was said. The announcement asserted a policy that no advantage should be taken by nationals of either country at the expense of the other.

Bank Employees' Part In Bond Drive Shown

One out of every three of the nation's bank employees was actively engaged in the Second War Loan drive which culminated in the sale of more than $18,000,000,000 of Government securities during the month of April, according to a nationwide survey made by the American Bankers Association, the results of which were presented to the Secretary of the Treasury by the ABA. The advices made available May 22 by the latter state:

"The survey shows that 97,800 out of a total of 280,000 people employed in the banks throughout the country took an active part in the three weeks' campaign, while at the same time banking activities were continued without interruption through the redoubled efforts of all.

"More than 11,000 of the nation's 15,700 commercial banks, savings banks and trust companies participated in the survey which showed that 97,852 bank people took an active part in the three weeks' campaign and that in most communities bankers served as chairmen of local War Finance committees.

"This service of the banking fraternity to the nation's war effort was acknowledged by Henry Morgenthau, Secretary of the Treasury, in a letter to ABA President W. L. Hemingway, as follows:

"'The bankers of the nation played a large part in the successful First War Loan drive. The results obtained in the Second War Loan drive clearly indicate that the bankers entered with even greater energy and enthusiasm the task of making this drive the success that it was. I know that we can continue to count on the fine cooperation of the American Bankers Association and its member banks, for which are most appreciative.'"

We offer, subject:

Dominion of Canada Gtd.

Issued by Grand Trunk Pac. Rwy. Co.

3% Bonds due 1 January 1962
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Price 98¾ and interest

Wood, Gundy & Co.
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Canadian Securities

By BRUCE WILLIAMS

Canada continues to combat stoutly the menaces of inflation. The preliminary figures of the Fourth Victory Loan are impressive. The goal of $1,100,000,000 has been easily topped, and the final total will be in excess of 1¼ billions. Most significant is the fact that over 40% was subscribed by individual investors as compared with the proportion of about 11% realized in this category in the Second U. S. Victory Loan drive. This is a large contribution toward the closing of the inflationary gap, and Canadians have shown once more that the necessity of solving this problem is fully appreciated.

As anticipated, with the completion of the loan drive, and a return to normal working conditions, the Canadian market here has gone from strength to strength. The most spectacular movements have taken place in the lower grade securities. It is felt that the situation as a whole is favorable, therefore most profit is to be derived by taking securities with the highest yields. Consequently, Albertas have moved into a still higher ground to sell at 81.

The passing of Mr. Aberhart, Premier of Alberta, and advocate of the doctrines of Social Credit, makes it more than ever likely that this province will fully revert to orthodoxy in its financial policies. It it hoped that the end of a sorry chapter in the province's financial history is now in sight.

A wide-spread demand has suddenly arisen for Saskatchewan bonds and the 4½'s of 1960 have risen from 87 to 90. Likewise, turning to the less speculative Manitoba issues, the 6's of 1946 at 108½ now yield only 3¼%, and the return on the 4½'s of 1956 at 104¼ has decreased to 4.10%. It is interesting to recall that a year ago, the shortest term Manitobas produced yields of 6 to 7%.

The higher grade section, although less spectacular, has also forged ahead impressively. The recently issued Dominion bonds continue to attain new high levels, the 2½'s of 1948 at 102¼ now yield 1.80%, the 3's of 1953 at 104¼ yield 2½%, and the 3's of 1958 at 103½ yield 2.75%. Dominion-guaranteed Canadian National Railway issues are at last commencing to move more into line with the direct obligations as fewer bonds are coming down from Canada, but the leeway is still too great. C. N. R. 4½'s of 1951 at 111¼ return nearly 3%, 4½'s of 1956 at 114½ yield 3.18%, and the 5's of July, 1969 callable in about 1 year at 108⅛ still yield over 2%.

British Columbia issues, although in steady demand in this country, are still at prices which make them appear very attractive when consideration is given to the Canadian valuation of these bonds. Such remarkable progress has been made in this province over the last decade that its obligations in Canada are held in almost as high regard as those of Ontario and the situation is still improving.

With the completion of the Alaska Highway, rich virgin territories in Northern British Columbia have been uncovered. New mineral discoveries including important deposits of high grade coal have resulted from recent geological surveys. Moreover, the same area in the neighborhood of the Peace River has exceptionally fertile soil and is climatically suitable for extensive settlement in the post-war era. After the war the Northwestern regions of the American continent are as likely as any area in the world to witness rapid development rivalling that which took place in this country fifty years ago. Furthermore, progress is no longer harnessed to the horse and buggy, but rushes ahead with the cargo-plane, bulldozer, and truck.

British Columbia issues, unlike those of New Brunswick and Nova Scotia, have always been popular in this country, and the market generally for these bonds is large and active in comparison. The 4½'s of 1951 at 107 yield 3½%, and the 5's of 1954 at 111⅛ yield 3¾%. Although at new high levels, British Columbia bonds have still a long way to go before coming more into line with the obligations of Ontario and Quebec. New Brunswick bonds, although held in high esteem by investors here, have always been slow moving. It would appear, nevertheless, that the longer term bonds at current levels are outstanding investments. For example, the 4½'s of 1958 at 105 yield 4.05% and the 5's of 1959 at 108¾ return 4.25%.

There has been discussion recently of the possibility of steps being taken to make Canadian bonds of the higher grade legal investments for Savings Banks in New York State. An effort was made in 1936 to achieve this object without meeting with any success. Now, however, the situation is much stronger, and the new administration in New York has the opportunity not only to make a friendly gesture to Canada, but also to enable Savings Banks in the State to obtain welcome diversification in their portfolios together with higher returns and sound investments.

Canadian Newsprint Shipments Up In April

Canadian shipments of newsprint increased in April for the first time since March, 1942, the total of 243,813 tons being up 5,467 tons, or 2.3% as compared with a year ago, the Newsprint Association of Canada stated on May 13 in its regular monthly report.

In Canadian Press Montreal advices it was further reported:

Shipments to Canada and to overseas customers increased 0.7% and 86.6%, respectively, while shipments to the United States declined 2.5%.

Canadian production amounted to 229,573 tons and was 48,168 tons, or 17.3% below April, 1942.

"Functional Finance"—Friend Or Foe Of Private Capital?

(Continued from first page)

brought about a transitory revival. The ghost of stagnation and decay looms over the future.

2. Functional finance, which aims at superseding deficit spending, offers to an anxious world—not only for the immediate postwar period (boom or slump) but also for the much more difficult period of subsequent normalcy, the aspect of which nobody can foresee—a "panacea" of economic security. According to this theory, Government need only keep the total rate of spending at the level where all goods that it is possible to produce could be bought at current prices. How? Simply, it is argued, by increasing or reducing taxes, borrowing or repaying debts, printing or destroying money, "careless of financial soundness," judging only by economic results.

In spite of the illusions of its apostles, the theory of functional finance is impracticable because it is contrary to the sentiment and habit of individual freedom. The cleverest bureaucrats in charge of its execution could never know in time all facts necessary to prepare their ever changing decisions; nor could these be rapidly enforced. Constant frictions would shake confidence, kill incentive to work and to give employment; they would dislocate incomes and private capital, and provoke frequent and unpredictable changes in the price level. Functional finance cannot guarantee society against the dangers of the loss of confidence in the stability of currencies when money and Government loans are issued in unlimited amount. A real success could only be attained in life were standardized down to a level of ultra-collectivist simplicity. A "petitio principii"!!!

3. A well prepared gigantic program of Government spending will be an essential part of world reconstruction. National or international Government agencies must invest whenever a direct adequate return cannot be expected (roads, sanitation, etc.) or when such return can only be expected after many years. This public investing should comprise long-range operations aiming at the progress of yet undeveloped areas (eg. in Latin America, China, Africa, India).

However, it can never be a substitute for, nor have the stimulating force of investment by private enterprise. On the contrary, the whole manipulating with taxes, loans and money is doomed to failure if private initiative and free enterprise do not continue to be looked upon as the basic elements in economic life, these elements which, by their readiness to assume risks against the expectation of a fair return, guarantee intensification of production, spreading of technological progress, adequate control of social costs and a fair distribution of products according to everyone's deeds.

Functional finance should be considered as complementing and extending the role played by central banks, but its action can only be very harmful if it is not co-ordinated with a policy of respect for free enterprise.

4. Under the pressure of events, American economic science has today an important share in the leadership of world thought. Its job and its responsibilities are correspondingly great. If it cannot find a way for close co-operation between free enterprise and functional finance, it will cripple the efforts of the next generation. In an endeavour to disseminate prosperity, it will merely be organizing misery.

Dr. Guardiola was formerly Professor of Finance, University of Barcelona and now is Secretary General of CHADE.

ABBA P. LERNER

The essential idea of Functional Finance is that the government should undertake the responsibility for keeping the total money demand for for goods and services at the right level. Total demand must not be too low or there will be depression. Total demand must not be too great or there will be inflation. The government can keep total demand at the right level by (a) adjusting its own spending and (b) influencing other spending by raising or lowering tax rates and by borrowing money or repaying debt. Functional Finance declares this to be the real function of taxing and borrowing as financial measures by the government. It would override any consideration of "Sound Finance" as regards balancing the budget or keeping down the national debt, for by eliminating both depression and inflation Functional Finance directly prevents all the evils that are feared by the advocates of "Sound Finance."

Abba P. Lerner

Functional Finance must be undertaken by the **Government** because although it is in the general social interest to avoid both depression and inflation, it is not in the interest of private individuals to adjust their spending in this way. The opposite is more frequent—it is to the individual's private interest to increase his spending when inflation threatens and to decrease his spending when there is likelihood of depression.

In one sense Functional Finance is neither a friend nor an enemy of private enterprise. It can be applied by a government which wishes to destroy all private enterprise just as well as by a government run by the Chamber of Commerce. In another sense Functional Finance is the best friend of private enterprise, for if some form of Functional Finance is not utilized, bigger and better depressions will lead to revolutions that will wipe out private enterprise for good.

If private enterprise declares itself to be an enemy of Functional Finance and refuses to make use of it, private enterprise will be destroyed as surely as the United Nations would have been destroyed by a declaration of enmity to the Airplane and a refusal to make use of it in this war.

Dr. Lerner is an associate professor of economics of the Graduate Faculty of Political and Social Science. He was formerly assistant professor at Amherst.

ALBERT HAHN

Dr. Hahn challenged Dr. Lerner's thesis that deficit spending to combat unemployment can be indefinitely continued, regardless of the ratio of governmental debt to national income. All responsible authorities, continued Dr. Hahn, even the most unorthodox Keynesians, think that a limit to governmental debt, as high as it may be, must be set. Unlimited spending, just because full employment is not reached, must lead to deterioration of governmental credit and ultimately to inflation. If inflationary tendencies arise, it is not sufficient just to stop new spending. In this moment the public is reluctant to take over new loans, and, on the contrary, demands repayment for the amounts becoming due. Refunding operations do not succeed any more. To maintain the service of the governmental debt, taxes have to be collected. This is the moment in which the community has to pay for the deficit spending, which seemingly could go on without anybody having to pay for it. That is why businessmen do not consider unlimited governmental debt—even if internally held—such an unimportant matter.

Dr. Hahn was formerly a banker and simultaneously, a lecturer at Frankfort University. He is the author of several books on finance. He is joining the Graduate Faculty of Political and Social Science next fall.

JULIUS WYLER

Dr. Lerner's brilliant projection of "Functional Finance" shows that only large scale measures, not timid tinkering can win the battle against the unemployment to be faced after the war. The solution he sees is a large increase of spending for consumption goods. With this I agree. But the idea of a "Central spending power station" implies an oversimplified view of the causes of structural unemployment and of the effects of any compensatory device.

Neither is lack of spending the cause of long run unemployment, nor is unemployment the cause of under-spending. Both are the concomitant manifestations of one common cause,—technical progress, the famous "manivelle" of de Sismondi. As to expansive or contractive measures, we know from experience that their effects are incalculable in advance. The deflationary measures especially are either inefficient or produce a sharp slump.

Laying aside many fundamental objections I want to show the dilemma of Functional Finance at its very beginning. I assume an unemployment of 15 millions as existing or threatening some time after the war. The government increases spending by extensive tax exemptions on lower incomes. It covers the deficit through yearly borrowing and pays the interest through additional taxes on higher incomes.

First we will find that we can re-engage in the consumption goods industries only a small fraction of the unemployed. As far as excess capacities in these industries exist, a great amount of additional goods can be provided with a small amount of additional labor. The lesser part of the newly created spending power goes into wages and salaries, the major part into profits. Deficit spending to be successful as a re-employment measure must assume a huge proportion, say 20 billion dollars a year, which may exceed all current public expenditures. We anticipated a future unemployment of 15 million. But in 1929 not more than 13 million people were occupied directly and indirectly in the production of consumer's goods. In this total are also included retail trade, residential construction, hotel facilities, manufacturing and repair of private cars, but not included are agriculture, public utilities and other services. By 1932 this figure had declined by 4 millions whereas the number of unemployed had risen to over 15 millions. But even if the government is willing to spend any amount whatever, it can go on spending only until it reaches the wall of optimum utilization in the consumption industries. And on this wall is written: Beware of inflation. For, a general rise in prices begins when the given production capacities are exhausted and not when full-employment is established. But according to the very principles of Functional Finance spending has to be stopped in order to avoid inflation, after only let us say 2 to 3 millions out of 15 millions unemployed have been given jobs.

A dead end! But maybe we have forgotten the businessman, who is induced to invest by high profits and by high expectation of increasing sales. Why not invest the savings out of his markedly increased profits? This is possible from the private standpoint, but it is not possible within the economy as a whole. We know that continuous deficit spending not only swells income, but creates approximately the savings funds from which borrowings are made. Therefore the entrepreneur's savings or a corresponding amount are already earmarked. You can't eat the cake and have it too. If the entrepreneurs invest these savings, they contribute to outright inflation. The government has to print money in order to pay salaries and debt interest, while the new workers in the investment goods industries bring about an additional demand for consumption goods, for current demand for consumer's goods exceeds current production.

In order to reduce excess spending "Functional Finance" provides for taxing higher incomes, curtailing profits and savings at the same time. The enterprises can react in different ways, they may counterbalance the contractive measures by investing against inflationary credits or they may suddenly stop all investments, causing a genuine crisis. Unemployment, still very large, will be increased.

It might be possible to raise the production capacities in the consumer goods industries step by step by carefully adjusted investment. Functional Finance has not the power to do this. It expands or contracts only total spending and does not direct it into particular channels. From the beginning it hampers just the investments which are necessary by seizing savings for the creation of new spending. From the beginning it leads to a paradoxical issue. By its very logic it impels to inflation and by its very logic it has to check the inflation through increasing taxes. The economy oscillates from inflation to recession without solving the problem of unemployment. Perhaps farreaching reasoned temporary economic planning might master the difficulties: Investment planning, control of prices, vocational training, etc. Within its own proper framework temporary deficit spending may have a place. But that is not Functional Finance.

Dr. Wyler is an economist and statesman, visiting professor to the Graduate Faculty of Political and Social Science, formerly assistant to Director, Swiss Federal Statistical Office —1915-1941.

OSKAR LANGE

I should like to begin by reminding you that in the summer of 1938 Dr. Lerner read a paper in which he stated that the actual purpose of taxation is not the collection of revenue but the diminution of the public's aggregate expenditure and the prevention of inflation. In a similar way, he said, the purpose of government expenditure is to increase the public's aggregate rate of spending. Taxation and government expenditure should therefore be adjusted in such a way as to maintain the nation's spending level which provides full employment but avoids inflation. Whether this leads to a balanced or unbalanced budget is a secondary matter. It is not the receipts and expenses of the Treasury which should be balanced, but the planned expenses of the whole economy should be kept at a level which maintains full employment. When Mr. Lerner uttered these remarks he was thought to be crazy, but today we have to pay higher taxes and buy war savings bonds not because the government needs our money but in order to avoid inflation. The government will get the arms and goods necessary for the prosecution of the war whether we do pay taxes and buy bonds or not. Thus it is not in order to provide revenue to cover expenses that we have to pay taxes and buy bonds, but in order to prevent inflation. I am sure that in a few years the other part of Dr. Lerner's statement will have become just as much a commonplace as this one.

Oskar Lange

A few words about the criticisms of "functional finance." Many criticisms are quite well founded, but they have nothing to do with "functional finance." Professor Vidal mentioned the danger of unwise spending. Such a danger exists indeed But you can spend unwisely even if you do not adopt the principle of "functional finance." Also under a balanced budget or a budget which yields a surplus the government may spend for foolish purposes.

The important thing in the administration of a program of "functional finance" is that it should be administered in an unpolitical way. Otherwise we run the danger of government spending becoming a football of partisan politics. This can be avoided if a special autonomous institution is created, charged with maintaining full employment. Such an institution should have the same degree of independence from everyday political interference as the Federal Reserve Board has. Then we could provide that this institution would be entitled to spend money whenever serious unemployment raises its head. It would also have to be entitled to collect money in the form of a special anti-inflation tax whenever an inflationary rise of prices threatens to occur. Being autonomous and acting according to well-established rules, such an institution could administer the "functional finance" plan with no greater practical difficulty than the administration of the gold standard by a Central Bank.

Dr. Lange is Professor of Economics and Political Science at Columbia University.

MAKING THEM COMFORTABLE WHILE ON THE MOVE!

SERVING OUR FIGHTING MEN. A volunteer worker from the Women's Aid of the Pennsylvania Railroad at the USO lounge in Broad Street Station, Pennsylvania Railroad, Philadelphia.

Pennsylvania Railroad provides Station Canteens, Lounges or Special Facilities for Service Men in many Cities

Railroad stations these wartime days are crowded with men from all branches of the service. Some going to induction centers, some to advanced training camps, some to global fronts, some home on well-earned furloughs.

No matter how brief their stay is, the railroads want them to feel "at home."

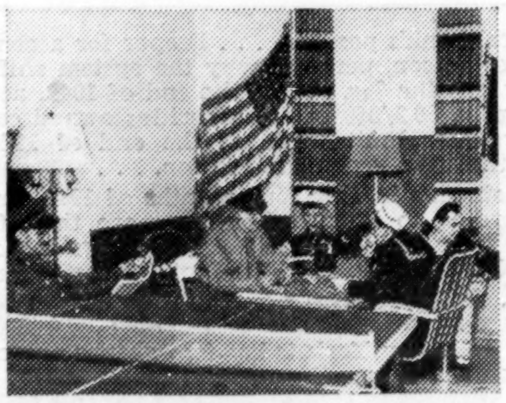
So in a number of stations on the Pennsylvania Railroad, service men are welcomed to canteens, lounges and other facilities especially for them. At Union Stations, the Pennsylvania joins with other railroads in offering service men these facilities.

Here the service men may relax, write, eat, refresh themselves, chat, play games . . . and, at a few, even sleeping quarters are provided. More than 6,000,000 men in uniform have been entertained or assisted in these centers since Pearl Harbor.

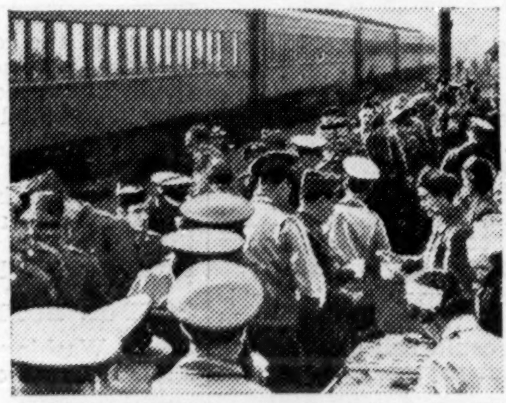
The facilities are operated by the USO (including the Travelers' Aid Society, the YMCA, the Salvation Army), the Women's Aid of the Pennsylvania Railroad, the American Legion or other local patriotic organizations.

With the splendid cooperation of these worthy groups, who give so generously of their time and money—the Pennsylvania Railroad will continue to make things as pleasant and comfortable as possible for the boys serving our Country.

NEW YORK. Over 40,000 service men a month enjoy the Lounge in the Pennsylvania Station. Here 200 volunteer women workers serve coffee, doughnuts, buns. At an adjacent canteen, sandwiches and light refreshments are available at non-profit prices.



GRAND RAPIDS. Operated by Navy Mothers Club No. 61, the Service Men's Recreational Lounge in the Union Station offers . . . table tennis, radio, chairs, davenports, books, magazines, cigarettes, cookies, apples and candies for the boys.



DENNISON, OHIO. Trains rolling through with troops stop here for water. On the platform of the Pennsylvania Station, women of Dennison, under the supervision of the Salvation Army, maintain a "portable canteen"—hot coffee, sandwiches, doughnuts, cigarettes, magazines for the boys, any hour, day or night.

Special Facilities for Service Men at Stations in these cities on the Pennsylvania Railroad

NEW YORK
NEWARK
TRENTON
PHILADELPHIA
Pennsylvania Station, 30th Street
Broad Street Station
**North Philadelphia*
WILMINGTON
*BALTIMORE
WASHINGTON
YORK (Penna.)
HARRISBURG
PITTSBURGH
COLUMBUS
DAYTON
CINCINNATI
DENNISON (Ohio)
LIMA (Ohio)
INDIANAPOLIS
TERRE HAUTE
DETROIT
GRAND RAPIDS
CHICAGO ST. LOUIS

**Authorized*

BUY UNITED STATES WAR BONDS AND STAMPS

PENNSYLVANIA RAILROAD

Serving the Nation

★ *32,649 in the Armed Forces* ☆ *30 have given their lives for their country*

"Our Reporter On Governments"

By S. F. PORTER

And now maybe this market is getting ahead too fast. . . . Enough is enough. . . . A strong advance for several weeks is wonderful, but it shouldn't go so far and for so long a period that everybody gets "right" and everybody makes money and becomes confident in the indefinite continuation of the rise. . . . This is not sour grapes but it's just getting to the point where it's too good to be true. . . . And this observer feels bound to add that the attitude expressed is not only personal. . . . But also is being shown by some of the best and smartest traders in the open market. . . .

Here it is the beginning of June. . . . The second war loan drive has been over for weeks. . . . The third isn't due until August or September or October. . . . Even assuming a bank deal takes place before then, the big pressure is set for Fall. . . . But this is only June. . . . Eight to twelve weeks to go. . . . And the market is using up its steam now, is rising so steadily that even the authorities are embarrassed. . . . Let us not minimize this point—a booming market at the wrong time can be as troublesome as a declining market right before a financing. . . . And while the Treasury has remained silent on the matter to date, logic would suggest the preferable action of the market now should be "steady in quiet trading." . . .

In case you've any doubt about what has been happening, glance at some of these comparisons. . . . The new 2½s currently are up to 100⅝, a ⅝ premium in a month. . . . The new 2s are up to 100.23, almost ¾ in four weeks. . . . And consider the fact that the range in some bonds has extended to three points since the beginning of the year!

For instance:

The 2¾s of 12/15/65/60, the favorite bond of this columnist, are at 111.8, at this writing, compared with a 1943 low of 108.8. . . .

The 2⅞s of 3/15/60/55 are at 111.28, compared with a year's low of 109. . . .

The 2¼s of 1/15/56/54 are at 106.22, compared with 104.21. . . .

The 2¼s of 12/15/53/51 are at 106.6, compared with a low of 104.18. . . .

The 3s of 9/15/55/51 are at 111.12, compared with a low of 110 for the year. . . .

And so it goes. . . . The shorter the bond, of course, the smaller the rise, for that's natural and couldn't be otherwise. . . .

But a tremendous amount of money has been made by traders and speculators in the long-term market recently. . . . And while that's all very fine, it's to be wondered whether a marked advance now is the best thing that could be happening, not only for the Treasury but for the investors themselves. . . .

THE FEDERAL'S OPERATIONS

The fact is it's the Federal Reserve Open Market Committee's fault to a great extent. . . . For months this observer has been praising the Federal and the Treasury for what has been characterized as "sophisticated" and intelligent handling of the market. . . . And for the most part, the Federal Reserve Banks have handled the situation efficiently and wisely. . . . They've sold on rises, bought on declines—kept the market in hand throughout bad and good periods. . . . And they've shown a considerable experience in managing price fluctuations during critical periods. . . .

But no so this time. . . . And for the first time in months, the bankers and dealers around Wall Street are expressing doubts about the Federal Reserve's technique. . . .

For instance. . . . Of course, the Federal Reserve System has been selling bonds on this rise in order to hold down the advance and to keep the supply-demand ratio somewhat in balance. . . . But while it sold some 2s recently, it turned right around and built up a position in ⅞s. . . . Effect on the money market?. . . . None. . . . Effect on the bankers? . . . If anything, it made them more eager to buy than before. . . . Result? . . . Not so good. . . .

Admittedly, the system is in exactly the same position as any commercial bank. . . . It can't just liquidate and not hold any earnings assets to keep its cash in use. . . . It has to show profits just as any institution must. . . . Thus, there is something to be said for the Federal's action in replacing its 2s with ⅞s and, from the Federal's viewpoint, such step might have been considered imperative. . . . But from a money management viewpoint, the move was a bit on the silly side. . . .

Either the Federal Reserve System is going to be the main agency in control of money market operations or it isn't. . . . And if it is, then holding down this market rise is the objective to be reached. . . . And if that's so, then the operations needed are obvious and should be entered into without delay. . . .

INSIDE THE MARKET

Compulsory bond buying test is still ahead, Washington officials admit, and despite soft-soaping of this issue recently, it's still very much alive. . . .

Secretary Morgenthau's repudiation of the coupon bond idea is not popular in Wall Street. . . . Feeling still is the Treasury could put over an issue of negotiable securities and could sell bonds more easily if the investors knew they'd get interest payments every six months. . . .

Talk around that the next bank issue—to be sold separately, as has been forecast here—will carry an intermediate maturity and will be sold this Summer. . . .

Bank issue will come first, it is believed, before the next drive to the public in September. . . .

Latest estimates on April drive indicate banks took 27% of securities, as compared with four-month average purchases by banks of 40%. . . .

Bank holdings of April issues are increasing all the time due to transfers of 2s from portfolios of dealers and brokers and corporations into positions of banks. . . . No way to regulate this movement incidentally, for it comes under classification of secondary distribution of an issue, and Government sources are having enough trouble just trying to keep track of primary distribution and disposition of securities. . . . Chances are commercial banks will hold much larger share of 2s than generally believed when final check-ups are made. . . .

Federal Reserve System's portfolio reveals all but one-third of holdings fall due within five years, indicating the extreme short-term nature of the central bank's position. . . . Proper for a central bank, though—but another reason, perhaps, why the system shifted out of the 2s and directly into the ⅞s. . . . At the end of 1942, according to system's annual report, 66 2/3% of the securities owned carried maturities within five-year limit while at the end of 1941 40% of securities were in that five-year classification. . . .

Insurance investments in first four months of 1943 amounted to $2,200,000,000, according to latest estimates, more than four times the amount for the same period in 1942. . . . Holdings of Government bonds now total $10,500,000,000, or 30% of total invested funds. . . .

COUPON BONDS?

In Washington and New York today two groups are arguing on a most vital question of the war financing effort—namely, the advisability of de-emphasizing the sale of Series E, F and G bonds and emphasizing the sale of coupon bonds, carrying interest at a low rate, bearing a marketability feature and resembling in many ways the Liberty Loans of 1917 and 1918. . . . It's no minor problem. . . . It may have serious implications to all investors. . . . And the two sides are important in themselves, for the Federal Reserve and most of the nation's major bankers are on the side of coupon bonds while the Treasury and its closest representatives insist on the continuation of war bond sales—at least right now. . . .

There's a lot to be said for a coupon obligation despite Morgenthau's statement of last week. . . . Marketability and use of the securties for collateral would have definite appeal to millions. . . . Payment of interest every six months instead of the "wait-and-see" character of the discount bonds would attract millions more, it is believed. . . . And as for price fluctuations, and particularly fluctuations below par, the control of the market is so great now that we may anticipate holding of the par level indefinitely. . . .

So look for a development of this controversy. . . . And as a guess, this observer forecasts the argument will continue until Morgenthau is forced to make some concession. . . .

The Securities Salesman's Corner

Some Observations On Security Merchandising In A Bull Market

Some years ago there was a meeting of the merchandising men and the advertising experts of the Ford Motor Company and the story goes that they tried to persuade Henry Ford to change the standard black color of his cars to meet the competition of the bright new shades that his competitors were putting on the market. It is repeated that Henry Ford answered, "The public can have any color it wants just as long as it is black." Whether this story is accurate or not, the lesson it teaches is just as valuable—the public got what it wanted and Ford made the change from black to every color in the rainbow.

This tendency on the part of the public to pick up an idea and carry it along can be applied to every line of business. The writer of this column has seen several bull markets as well as bear markets in his time. You cannot argue with the public when they get an idea in their heads. If you want to do business you will have to go along with the crowd—give them what they want. The impetus and the motivating force behind a bull market is based upon the same "herd theory" that is the basis for the manner in which all ideas are given national prominence. People begin to think a certain way, one tells another, the idea grows, finally the tide becomes a flood and you can't stop it.

Now there may be some reformers and bureaucrats among the SEC that won't like the idea that people act this way but there is absolutely nothing they can do about it. They say this tendency on the part of the public to speculate just ain't cricket; isn't good for them; it's bad for the securities business; should be discouraged; we should be a nation of investors, etc, etc. In other words they want to say with Henry Ford, "Give 'e'm black," but the public doesn't want black and they are not going to take it. The fact is that the kind of world the "average investor" lives in and the kind of a world the "Holy Roller Boys" over at the SEC are always talking about are as far apart as John L. Lewis and Henry Wallace. The kind of a world the SEC dreams about exists only on paper.

The point we have led up to is that securities dealers must gear their merchandising and their sales promotional activities to the times. There is no sense in arguing with the public—the only people who can afford to be reformers are those who are on the public payroll and they don't have to care where the money comes from to pay their salaries. There is a bull market on tap today. Things are changing around. Two years ago you couldn't interest half the people in buying securities at half their current prices that are willing to buy them today. It's the same old public but they have caught hold of the idea THAT PRICES ARE GOING UP—THAT'S WHY THEY ARE BUYING—THEY THINK THEY ARE GOING TO BE ABLE TO MAKE A PROFIT. Human nature has gone back to work and the cycle theory is in operation again. THE THING TO DO IS TO GO ALONG WITH THE PUBLIC DEMAND AND OFFER SECURITIES THAT THE PUBLIC WANTS.

Now is the time to pick securities that have the earmarks of price appreciation. In bull markets the public not only likes to make profits on paper but it is even more desirous of TAKING THEM. For this reason it is important that the mark-up made by a dealer is not too large so that profits can be made by the customer and these same funds transferred into other speculative situations that also hold promise. No dealer is going to put his customers into situations that he doesn't believe will work out satisfactorily—it would be shortsighted in the worst way to do this—but it is important in handling speculative accounts during a bull market to guard against over-confidence. Activity in an account, of itself is certainly nothing to be frowned upon. If an account is turned over ten times a year, as long as the results are favorable on balance to the customer, there is nothing but good for all concerned that will result. Your customer will like his profits, you'll enjoy larger commissions—and the only thing you'll have to guard against is to keep from overstaying a bull market which someday in the far distant future (we hope) will once again turn into another bear market—as it always has in the past and always will in the future. Despite the plans of the new crop of planners, the SEC, and the "new world of tomorrow" we have been hearing about—it's the same old world and the same old people in it.

The War And American Foreign Investments

(Continued from page 2058)

article contains no argument against such reasoning.

He finally cheers holders of Bolivian bonds by telling us that Bolivia's President had "indicated that negotiations might . . . be expected to proceed with bondholders' representatives in this country." I do not recall having either denied or confirmed what Bolivia's Chief Executive had indicated.

There is another letter which deals exclusively with my analysis of the Russian bond situation. The author informs us that he "has watched these (Russian) bonds simmer for nearly twenty years" and that he "feels definitely that these 'repudiated' Russian bonds have a very definite speculative value." Since patience seems to be the only or chief characteristic of the writer and his rather shallow "thesis," I see no need for further debate.

ANONYMOUS
New York City

I read with interest Dr. Winkler's recent article "The War and American Foreign Investments" and replies received by you thereto. I do not understand why Mr. Mardfin should berate Dr. Winkler for pointing out that the decree repudiating all Russian foreign loans has up to the present time neither been revoked nor modified, and that the rise in price from 5/16% to 9% may not denote a corresponding enhancement in the intrinsic value of the Russian dollar loans listed on the New York Curb Exchange. On the contrary, Dr. Winkler should be commended for his warning, although it will probably not be heeded any more than his warnings were heeded at the time Central and South American bonds, which subsequently defaulted, were being sold to the American investing public at prices of 90 and upwards. Mr. Mardfin refers to Dr. Winkler as a speculator, others have referred to him as follows:

"Dr. Winkler is the leading authority on American Investments abroad."
—*Evans Clark in N. Y. Times*

"Dr. Max Winkler is one of the most highly regarded authorities on Foreign Finance in Wall Street."
—*World Telegram, N. Y.*

"The Author is America's leading Financial expert."
—*Financial Times, London*

"Dr. Max Winkler is considered in Wall Street one of the most astute students of Foreign Economic affairs."
—*Courtenay Terrett in N. Y. Evening Post*

"I rate Dr. Winkler as our greatest authority on Foreign Loans."
—*Louis Gunther in Financial World*

"The Author is one of the most widely recognized specialists on international finance."
—*Dun & Bradstreet Monthly Review*

I am a subscriber to your publication and in fairness to Dr. Winkler you may want to publish this letter.

Charles Sidlo Dies

Charles T. Sidlo, President of Sidlo, Simons, Roberts & Co., Denver, Colo., died in St. Luke's Hospital after a brief illness. Mr. Sidlo had entered business in Denver in 1907 with J. H. Causey & Co., later becoming a partner in James N. Wright & Co. On his return to Denver after serving in World War I, Mr. Sidlo formed his own investment company which he headed until his death.

CHARLES ROSNER

Today
the Army has a new voice...

Industry is helping win the war... industry must help build a peacetime world

Fighting now is winning the war...
Thinking now can win the peace

Today millions of service men are fighting for "a better world to live in." Other millions of individuals are performing miracles of production through the united efforts of management and wage earners—all of one mind—for "an unconditional surrender."

Tomorrow these millions will be permanently employed in peacetime pursuits provided they—all of one mind—dictate sound peace terms calling for sustained prosperity.

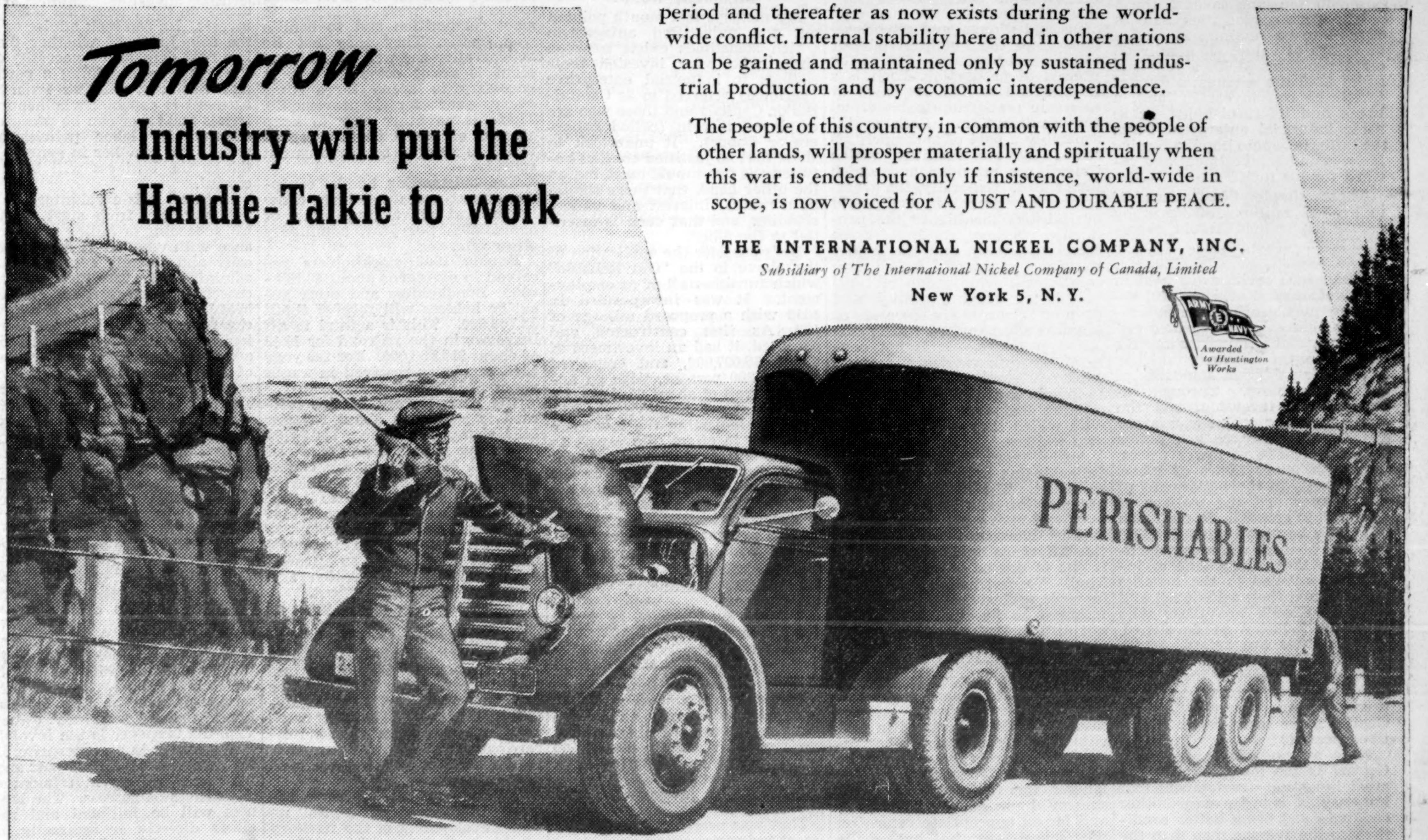
If the world is to prosper, there must be the same cohesion among the United Nations during the transition period and thereafter as now exists during the world-wide conflict. Internal stability here and in other nations can be gained and maintained only by sustained industrial production and by economic interdependence.

The people of this country, in common with the people of other lands, will prosper materially and spiritually when this war is ended but only if insistence, world-wide in scope, is now voiced for A JUST AND DURABLE PEACE.

THE INTERNATIONAL NICKEL COMPANY, INC.
Subsidiary of The International Nickel Company of Canada, Limited
New York 5, N. Y.

Awarded to Huntington Works

Tomorrow
Industry will put the Handie-Talkie to work



Capitalism and Americanism Go Hand In Hand

(Continued from first page)

Mr. Hill is also to be commended for the work he is doing in selling the public on the American way of life through excellently executed copy which his railroad is using in its advertising campaign.

MESSAGE No. 93

No two words were probably more misunderstood and their true meaning more abused than the words "Capital" and "Labor." "Unfortunately, Capital is frequently construed to mean large and undeserved accumulation of wealth in the hands of a few unscrupulous persons to the hurt of persons performing lowly physical labor. Labor is pictured as persons doing the essential and physical tasks of the world, underpaid, imposed upon, and without appropriate recognition of their contribution to production or accumulated wealth.

These viewpoints expressed in many variations have created the belief with many that there is some harmful and irreconcilable conflict between those who work, save or invest, and those who work but have no ownership in savings or investment. It is not surprising, therefore, that there should exist an unfortunate antagonism between Capital and Labor which is harmful to both.

Many do not understand what Capital really is. It is defined as accumulated wealth employed or capable of being employed in increasing production and wealth. It is the accumulated saving of things produced over and above what is consumed. Thus, if a farmer produces 50 bushels of corn, consumes 40, and saves 10, the 10 bushels saved become Capital, which he may sell and then invest the proceeds in permanent things he desires. If he raises 10 hogs and saves 2, the 2 or the proceeds of their sale is Capital to be retained in money or things of value. If a railroad employee earns $1,800 a year and saves $200 the savings is Capital which he can invest in land, a home and its furnishings, or in some industrial enterprise. From the latter he would hope to receive interest on his investment as a reward for his thrift.

These simple illustrations, if multiplied millions of times by actual happenings, would represent huge accumulations of Capital, or wealth.

When such savings are used in the development of successful industry, plus profit from the industry reinvested in further enlargement, the opportunity for employment increases, higher wages are paid, and standards of living are raised. Through research, new invention, and the application of machinery, a larger variety of and more and better goods are made at lower prices, and with fewer hours of labor. This results in the betterment of the laborer and the welfare of mankind in general. So used, can any fault be found with Capital? Should not those who deny themselves to save, accumulate or invest, be entitled to the benefits arising from their self-denial and thrift? Should not those who work in industry so developed, whose wages are raised, whose working hours are fewer, who can buy a greater variety of goods at lower prices, be just to those whose accumulation of Capital made their better conditions possible?

It is an undeniable fact that Capital is the foundation of our great industrial development that has enabled us to far exceed other countries and bring better conditions to the average man than the peoples of other countries have ever enjoyed. If the truth of these observations is not readily evident, for proof you have only to contrast living conditions, hours of labor and wages of an industrial community with the conditions in that same community before industrial development came. You have but to compare the conditions in the United States with any other country in the world.

For the purpose of a correct understanding of Capital this discussion assumes that it will be appropriately used, that those furnishing it are entitled to a fair consideration for its use and the risk they take, that it is a benefactor to mankind, and that Labor profits through such use of Capital. There should be no conflict between Capital appropriately used and the best interest of Labor.

This is not to say that Capital has in every instance been used to the general betterment of Labor, or that Labor has had too small or too great a share of the profits from industrial production. Those are questions giving rise to differing convictions, but which, in each case, ought to be the reconcilable by intelligent and conscientious considerations, without the destruction of Capital itself or its beneficent possibilities. Such questions should not be allowed to generate or perpetuate destructive conflict.

Labor has too frequently been regarded as those merely putting forth physical effort and mainly working with their hands. Generally, Labor is referred to as common, semi-skilled and skilled. This classification is too narrow. Labor comprises both the physical and mental. The clerk with his typewriter or machine, the accountant with his rule, pen, or mechanical calculator, the man who plans and directs, and all gradations from the humblest laborer to the executive, are a part of the process of production. Each is a laborer and is due his wage or salary in proportion to his effective contribution. Each is inseparably a part of and much affected by the facilities which Capital has provided and which Labor uses. Generally, the greater the investment in equipment or facilities the higher the production per man, the greater the total production, and the higher the wage or salary. Labor then comprises a wide group of individuals of varying ability and training engaged in mental or physical effort toward widely different purposes. It is not confined to groups doing manual work work only. All who labor in production should realize the relation between the facilities with which they work and their own welfare.

Again, there is almost an indefinable line between laborer and capitalist. The instant a laborer accumulates anything of value over and above his requirements to exist, he creates wealth. Hence, the difference between capitalists is one of degree only and not of kind. No destructive attack can be made against capitalism, which followed to its final result will not disturb the ownership of the simplest home or the small holdings of the humblest citizen.

Just as the laborer is dependent for higher wages and more productive employment on the savings of others invested in machinery, equipment and other facilities, just so is the capitalist or investor also dependent upon the laborer for the productive and successful use of that machinery and for an appropriate return on the investment he has made therein. Each is essential to the well-being of the other. Their mutual interest in the preservation of Capital already invested as well as in promoting new development; in insuring an increased production at lower costs; in creating more employment at higher wages, ought to be self-evident. Any unfair motive or action of one toward the other will ultimately hurt both.

All of the foregoing is so simple and elementary that a child should understand it. The difficulty arises when Capital and Labor cannot agree upon a fair division of the profits or losses growing out of investment and the production of labor. These difficulties present practical problems, not easy of solution, but which ought not to be unsolvable if approached by intelligent, fair minded, well informed, conscientious leadership on both sides. All interested persons have the privilege and obligation of selecting and so instructing such leadership. Its general instruction should be that all differences shall be settled by applying the spirit of the Golden Rule: Do unto others as you would have them do unto you.

Is it too much to hope that Capital and Labor can so peaceably adjust their differences that private enterprise may continue to the betterment of both, and that your child and mine may have the opportunity to rise to high places according to their merit?

Those investing capital and those working in industry thus created should, through understanding and cooperation, undertake to banish differences and causes which lead to unwarranted conflict. The purpose of this message is to promote mutual understanding and confidence. Its application will be made next month to the affairs of this railroad which has given all of us employment.

Your thoughtful comment will be welcome.

MESSAGE No. 94

My message last month pointed out the unjustified antagonism which sometimes exists between those who have invested their savings in industrial enterprises (variously referred to as Capitalists or Capital) and those who are employed therein (called Laborers or Labor). It undertook to show that no justified conflict between the two should exist, but on the other hand, that there should be a mutual interest and understanding, and that each is essential to the other.

Let's consider the application of the above to the "Old Reliable" which furnishes all of us employment. It was incorporated in 1850 with a proposed mileage of 187. As first constructed and operated, it had an investment of about $6,607,000, and employed about 1,200 persons, with an annual payroll of about $730,000. Its investment per employe was $5,500. As indicating the low scale of wages in effect, the report to the President of Superintendent Jas F. Gamble, reproduced in the annual report of the railroad for the year 1855-56, contains the following statement:

"The persons immediately connected with transportation have been—

1 Assistant Conductor,
1 Engineer,
1 Receiving Clerk,
3 Brakesmen,
1 Fireman.

The aggregate wages of all of them has been two hundred and twenty-nine dollars per month."

That is equivalent to an average wage per person of about $32.71 per month or a little over $1.00 per day, with no limitation as to the hours of service. Others were paid largely in proportion to the above.

That was nearly 100 years ago. Great industrial enterprises along its line have been developed since that time with a trend in labor from farm to industry. And with this change from the agricultural life to the industrial, requiring the saving and investment of capital, has come an ever increasing wage scale.

Here's what has happened with respect to this railroad. Today, its main line mileage, from purchase, consolidation, and construction, has increased to 4,785; its investment to $530,000,000; its annual payroll to $65,000,000, distributed to about 31,000 persons. Its investment, per employe, has increased to $17,100. An engineer on a passenger run between Louisville and Nashville, with less than five hours running time, is paid about $15.75, a fireman $12.75, a conductor $10.50, and a flagman $7.80, for the run. The average clerk is paid around $5.75 per day; a track laborer about about $3.72 per day. Railroad forces in general now work about 8 hours per day, with one and a half times the hourly rate for time over 8 hours. On the whole, working conditions have much improved. In the meantime, freight and passenger rates paid by the public have been greatly reduced. In 1859 it cost about 90 cents to ship a barrel of flour by rail from Louisville to Nashville. Today it costs 59 cents.

It is estimated that about two million persons hold the stock and bonds of American railroads. These are the investors whose funds, plus the earnings from the properties, furnish the plant and facilities with which railroad men work. The Louisville & Nashville has about 7,500 stockholders, located in 46 states. We do not know the number of bondholders, but they probably equal the stockholders in number. The cash dividends received by stockholders during the last 15 years have averaged about 5.03% per year. The average yearly earnings of employes have increased in the same period from $1,510 to $2,097. Since 1939, there have been expended for improvements to the property about $38,750,000. These expenditures were necessary to meet competition and to handle war traffic. They may not be needed after the war. A railroad plant is never complete. It is necessary to spend large sums every year for improvements. There is no other way to keep abreast of competition, most of which is favored by Government subsidy.

The outstanding bonds, equipment trust notes and loans draw interest at an average rate of about 3.9% per year, admittedly a low rate.

During 1942 stockholders received in dividends about $8,190,000. Bondholders and other security holders will receive about $8,768,000. This is a total to all investors in the railroad for 1942 of about $16,958,000. For the year 1942, employes received in wages about $65,000,000.

The capital stock of this railroad is selling at about $60 per $100 share, par value. Its 3¾% bonds, due in year 2003, are priced at about 84 cents on the dollar. This indicates a lack of confidence in railroad securities. The future outlook does not offer a sufficient inducement to future investors to put new money into improvements of the property so essential to its successful operation and continued high employment.

Look back over the 90 years of the railroad's existence. It has been one of the prime instruments in the developments of the territory between the Ohio River and New Orleans. No influence has been more constructive and beneficial. Certainly Labor has much profited by the investment in railroads and industry. The proof is in the contrast between the conditions a century ago and now.

Is it not clear that without the large investment of capital no such development of the territory would have occurred or that wages would have so increased? Is it not also clear that mutual interest undeniably exists between those who invest and those who labor?

Your own railroad has never been in bankruptcy nor defaulted on an obligation. It has made an enviable record not only in that respect but in helping toward the betterment of the people and communities it serves. Both investors and employes (Capital and Labor) have had a part in that achievement.

The situation of railroads after the war, because of competitive conditions, will be difficult. It should not be added to by any failure of investors and employes (Capital and Labor) to recognize their mutual interests.

Employes and investors also have a mutual interest in insisting that railroads shall have equal standing with other forms of transportation in matters of laws, regulations, subsidy and taxation.

MESSAGE No. 95

In previous messages the mutual regard and essential interest which Capital and Labor must have, each for and in the other, was discussed. The particular situation relating to this railroad's employes and investors was presented.

Now, let's consider the comparative methods and merits involved in privately owned and operated industrial enterprises or utilities, and such enterprises or utilities owned and operated by the Government.

In the first place, either will require large outlays of money for initial construction; or, if already privately constructed and owned, tremendous sums must be raised if purchased by the Government.

Money is raised for private enterprise from the voluntary investment by persons who, by thrift or good fortune, have more than they currently consume. Each person determines for himself whether he will be thrifty and saving, and then whether he wants to invest in business giving promise of paying interest or dividends on the amount he lends or invests. He can seek advice or be the sole judge of whether there is a real demand or necessity for starting or maintaining a particular business; whether its management is capable; whether materials and labor can be procured; whether its labor policies are sound; and whether in general he thinks the business will be successful.

In short, it is a voluntary business venture, from start to finish, suceeding or failing in accordance with whether it is economically and soundly conceived and administered. The men who are chosen to manage it are selected because of training, initiative, character and ability. Their retention and advancement in office are dependent upon performance of a service satisfactory to owners and pleasing to customers. There is a personal and quickening incentive all down the line, and an interest throughout the organization directed toward successful accomplishment.

For enterprise to be owned by the Government, the money must be raised through taxation; or if through the issuance of Government bonds, these and the interest thereon must be underwritten by the Government and ultimately paid through taxation, unless the business itself is operated at a profit. However, governmental operation usually decries the profit motive and makes no profit, usually defending its position by the claim of the performance of a service in the public's interest. Hence, under government ownership, the taxpayer is the involuntary investor in an enterprise. He has little opportunity to pass upon the merits of the investment or its chances of success. The business will be initiated and run, either directly or indirectly, by men whose greatest qualifications are their ability to get elected; or else by men whose selection or appointment is under civil service rules and, for the most part, removed from the virile, quickening influence of interested, alert management, where initiative, ability and superior accomplishment are constantly striving for recognition and reward.

Again, when government elects to own, it must necessarily enlarge its activities to include the control of labor, whereby the right to bargain individually or collectively is lost. An article by Eric Johnston in the Readers Digest for February quotes Wm. Green, president of the American Federation of Labor, as recently saying:

> "If this Country ever gets a system of governmental regimentation, labor will suffer most. Labor, therefore, is deepply interested in the preservation of private business; and labor should everlastingly maintain that the owners and managers of business are entitled to a fair and just return upon their investments."

To all who have watched our elective process and have appraised the business ability of men in public office, who have seen the waste and indifference in the conduct of local, State or National Governments — there could be only one wise choice in determining how the business establishments of this country should be run, and who should be responsible for them. The reference to the business ability of men holding public office and directing government is not inclusive of all as there are many fine and capable public servants. Even so, good and wise men are not always perpetuated in office. In all events, responsibility for mistakes is too difficult to place. Nor, is this reference to public representatives aimed at men presently in office. It is true, whether past, present, or future, and regardless of party affiliation.

The unmatched development of the United States has been through the means of Free and Private Enterprise. Nowhere, at any time, has the average man been so well off. During the better part of the last 100 years, the railroads have had a prime part in this development. They are privately owned and operated, but publicly regulated. The Brotherhood of Locomotive Engineers has recently affirmed its conviction that government ownership is undesirable. Referring again to the Readers Digest article, it describes Robert Watt as a labor leader of great prominence in government wartime agencies, and quotes him as saying, among other things:

> "We should have a closer cooperation between business and labor in the future than we ever had in the past. By cooperation I do not mean surrender, either by business to labor or by labor to business. By cooperation I mean that both sides should jointly bring forth better fruits of efficiency and productivity."

None of this discussion is to say that Free Enterprise has not made some mistakes. In building such a great structure, some waste and mistakes were inevitable. In these days, when there is so much ill-advised agitation for the Government to get further and further into the ownership and operation of business, thoughtful consideration should be given to past accomplishments of private enterprise. This done, the conclusion is inevitable, that change is not necessarily progress and it is not desirable "to tear down the temple so carefully planned for by our forefathers merely to kill a few rats in the basement."

This temporarily ends the series on Capital and Labor, and matters incident thereto. I hope you have at least found interest in reading them.

Sincerely,
J. B. HILL,
President.

Rebuilding World A Task For Governments After War, League Of Nations Report Holds

Governments must continue to exercise during the first years of peace many of the economic functions which they have assumed during the war, it is declared in a report of the Delegation On Economic Depressions of the League of Nations, of which Sir Frederick Phillips, head of the British Supply Council in Washington, is Chairman. In an exhaustive study of "The Transition From War to Peace Economy," issued recently in this country by the International Documents Service of the Columbia University Press, the Delegation asserts:

"The need for Government action to restart peacetime economic activity and to create the conditions under which normal business, public or private, can function, must be apparent to all. There must be a period of transition. The more effectively governments act, the shorter that period will be.

"To leave the task of reconstruction to be shouldered by the mechanism of private business to the extent to which it was left after the last war showed a misconception of the very principles on which the success of private enterprise depends.

"Great courage and initiative was, in fact, shown by private firms, and when the risks seemed reasonably good business revived rapidly. But what was required to avert the disaster that took place was to restart the wheels of production also where the immediate risks were bad and the hope of profit remote. No business firm, however great, could or should have assumed these risks, and because governments failed to face the real issues, business in all countries suffered, and suffered almost throughout the 20-year inter-war period."

The Delegation was appointed by the Council of the League in February, 1938, to report on "measures that might be employed for preventing or mitigating economic depressions." Its work was carried on under the auspices of the Economic, Financial and Transit Department of the League, now housed at the Institute For Advanced Study, Princeton, N. J.

Its members, in addition to Sir Frederick Phillips, are: J. B. Brigden, financial counselor to the Australian Legation in the United States; Dr. G. H. C. Hart, Commissioner for the Netherlands Indies; Professor Carter Goodrich, of Columbia University; Henry F. Grady, President of the American President Lines, and head of the United States technical mission to India in 1942; Professor Oskar Morgenstern, of Princeton University; Graham F. Towers, Governor of the Bank of Canada; Dr. Zygmunt Karpinski, manager of the Bank of Poland.

International organization for maintaining full employment in all countries, for coordinating commercial policies, distributing scarce raw materials, stabilizing prices, and allocating shipping tonnage is defined as a major post-war necessity for an indefinite period.

"No country will be able to overcome its transition difficulties by national action alone or in spite of unwise international policies," according to the report. "Concerted action and restraint of action on the international market is clearly required." The report also says:

"The war is creating economic changes and upheavals that will greatly intensify the forces leading to instability in the post-war world and it is necessary to devise policies in advance if the risk of depression and unemployment is to be mitigated. A major post-war depression, the factors making for which are already very apparent, could scarcely fail to lead to a resumption of policies of intense economic nationalism all over the world.

"If the economic and social objectives of the United Nations are to be fulfilled, means must be devised for maintaining in time of peace the high levels of production and employment achieved in wartime. Independent action by each country for the achievement of full employment and economic stability would inevitably be self-defeating, and it is of the utmost importance that national policies should be coordinated on the basis of an agreed international plan, each being supported and furthered by the others."

The writing off of plant constructed for war purposes which will be surplus to peace requirements is a prime consideration of post-war governments, the report points out. "Much of it may no doubt be required for the maintenance of security in the world, and some international agreement for its maintenance may prove necessary," it is stated. "But a plant which is not required for this purpose and cannot be adapted to another should be accepted as having scrap value only and the cost courageously accepted as an unavoidable part of the total war outlay."

The report further said:

"Abnormal post-war expenditure by returned soldiers or by the general public can be counteracted by wise publicity, while many forms of capital expenditure could be controlled by requiring licenses for the use of certain varieties of materials, for example.

"Governments will be able to exercise some influence over inflationary tendencies through their fiscal policies. Great caution should accompany the reduction of taxation, although the reduction of consumption taxes which are likely to curtail demand and such corporation taxes as are likely to check enterprise and obstruct the switchover from war to civilian production may prove generally necessary.

"In certain countries a modification of existing fiscal legislation may be required to lessen the incidence of taxation on productive enterprise and on risk-bearing capital. At the same time, government deficit expenditure may be required to be kept down to a minimum.

Control of consumer demand may also be necessary in the immediate post-war period not only to prevent inflation but to assure the restoration of damaged fixed capital, it is explained. "Government may have to direct and control the productive processes and consumption in the same manner, though not to the same extent or for the same purpose, as it did during the war," the report continues. "For this reason rationing will have to supplement the controls of consumers' monetary outlay represented by taxation, war savings and other controls. The post-war demand for different types of skill will certainly be abnormal, and the Government should enforce its power to control monopolistic positions, to train additional workers to meet new requirements, in exactly the same way as it enforces its power to prevent monopolistic prices for goods."

The immediate post-war period will be one of all-around shortage, the report says. It continues:

"One of the most serious post-war risks will be price inflation. If governments endeavor to keep their national price levels stable but allow unlimited competition for raw materials and foodstuffs on the world market, their policy will inevitably break down.

"If government adopt wholly diverse credit policies, if one inflates credit and another depresses wages, the chances of establishing an international price equilibrium under which business can be done may be indefinitely postponed. In the absence of such equilibrium full employment can scarcely be secured or maintained. If one government abolishes its control of prices while others maintain theirs, it will threaten at once its chances of export and its exchanges. If its exports fall off or fail to revive, full employment will not be secured; if its exchanges are deliberately devalued owing to the pressure caused by autarchic price policies, other countries are likely to refuse once more to accept its goods, as they did in like circumstances in the twenties."

High Court Dismisses Rent Control Suit

The U. S. Supreme Court dismissed on May 24 a suit challenging the Price Administrator's authority to fix rents on the grounds that there was "collusion" between a South Bend, Ind., landlord and tenant in filing the litigation. This is learned from Associated Press accounts which stated that by its unanimous decision, the Court also set aside the decision of a Federal District Court at South Bend holding unconstitutional the Emergency Price Control Act of 1942 and Congressional delegation of rent control powers, under the act, to the Price Administrator. The Court emphasized, however, that it was not ruling on the constitutional issues raised by the suit.

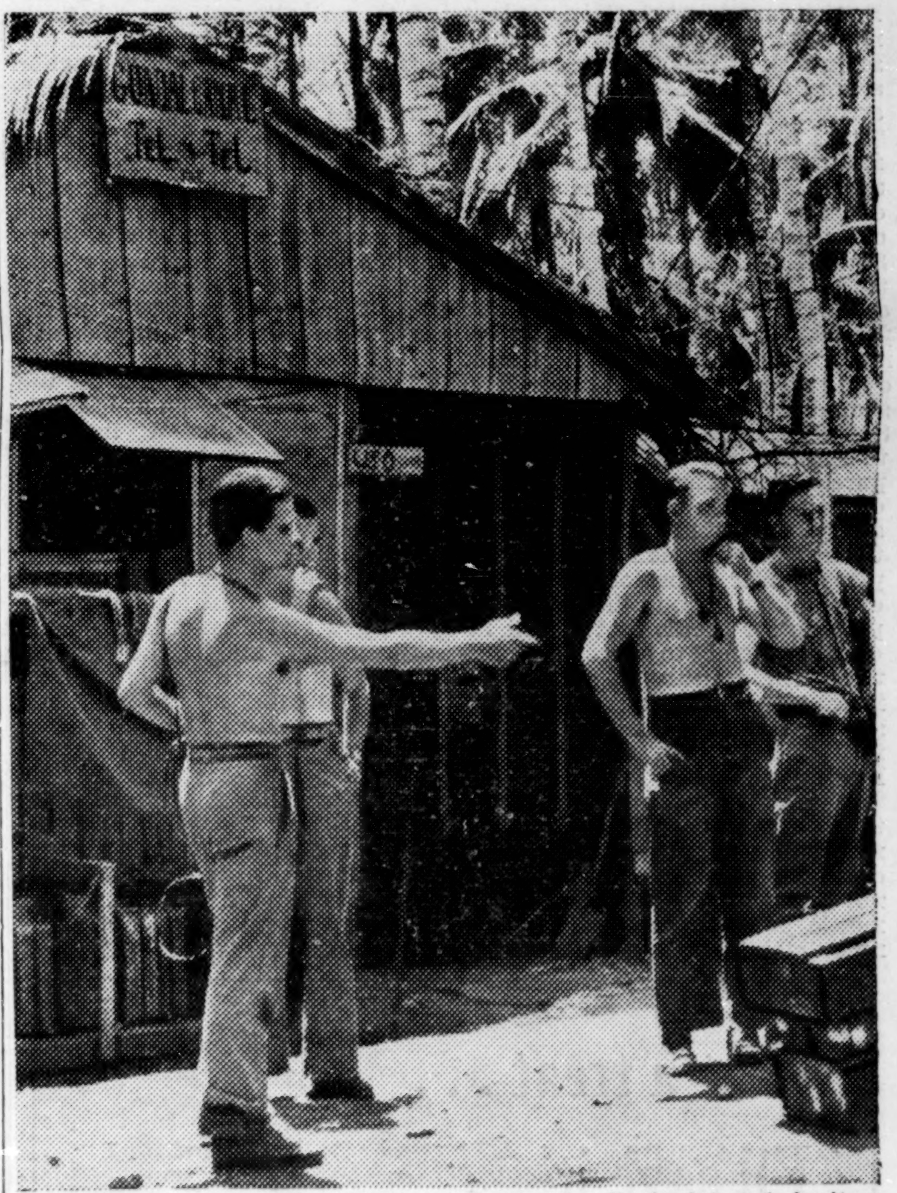
The Associated Press advices also reported:

"Edward McKee filed the suit under the alias of Edward Roach, claiming that his landlord, Dick M. Johnson, had charged him $45 a month rent when the Office of Price Administration had set the ceiling at $35 monthly. He sought triple damages for four months' rent on which he contended he was overcharged.

"The Supreme Court said the record of the case showed Mr. McKee instituted the proceedings as a friendly suit at Mr. Johnson's request; that he did not pay lawyers' and court fees and that he did not even read the complaint prepared by attorneys whom he had never seen.

"Under such circumstances, the court ruled, the case is 'collusive' because no real controversy is involved."

The decision of the Supreme Court to review this case was referred to in these columns April 15, page 1402.



"Just getting the wire laid was a tough problem. Keeping it intact in bombings, shellings and adverse weather is a twenty-four-hour proposition. . . . Wire repair crews are made up of four men. Three stand guard while the other works."
(From story by Sgt. James W. Hurlbut, Marine Corps Combat Correspondent)

Telephone Exchange on Guadalcanal

Marine communications men built it under fire. And it has been kept built. The "Guadalcanal Tel & Tel" covers well over a thousand miles of wire.

That is where some of your telephone material went. It's fighting on other fronts, too. We're getting along with less here so they can have more over there.

Telephone lines are life-lines and production lines in a war. Thanks for helping to keep the Long Distance wires open for vital calls to war-busy centers.

BELL TELEPHONE
SYSTEM

WAR CALLS COME FIRST

Plans For World Currency Stabilization Called Dangerous By Guaranty Trust Co.

Even a brief consideration of some of the implications of the recent American and British proposals for international stabilization of currencies is enough to indicate their dangerous character, states the Guaranty Trust Company of New York in the May 27 issue of "The Guaranty Survey," its monthly review of business and financial conditions. Further discussing the British (Keynes) and the American (Morgenthau) plans the "Survey" continues:

"They would enable nations to buy merchandise without being able to pay for it. The American plan, at least, would require the United States to redistribute a part of its gold in exchange for something of doubtful value—foreign currencies held by an international board. Broadly and basically, both plans would involve the exchange of our own currency for other nation's currencies on terms beyond our own direct control.

"The United States, in particular, as the chief creditor nation, would have to be prepared to confront a combination of debtor nations advocating a course that would favor themselves at the expense of the creditor. A study of the British plan reveals some features that would tend to promote the interests of debtor countries in general, and of Great Britain in particular, at the expense of the United States. It is inconceivable that this country could, under any circumstances, become a party to any such agreement. The nature of both the British and American plans, moreover, is such as to involve some risk of loss to a nation with a credit balance on international account.

"As a matter of fact, a central feature of any international financial system is the laying down of the conditions and terms on which credit shall be granted. Since the United States is likely to be the principal source of credit during the post-war period, it is no more than reasonable that we, in direct contract with the borrowers, should determine the conditions. Strictly short term credit designed to smooth out seasonal or other purely temporary fluctuations in exchange rates might perhaps be safely entrusted to an international stabilization fund. The plans under consideration, however, go far beyond this point and provide for credit that would inevitably tend to become long-term. The granting of such credit is properly a banking function and should be performed by banking institutions of the borrowing and lending nations.

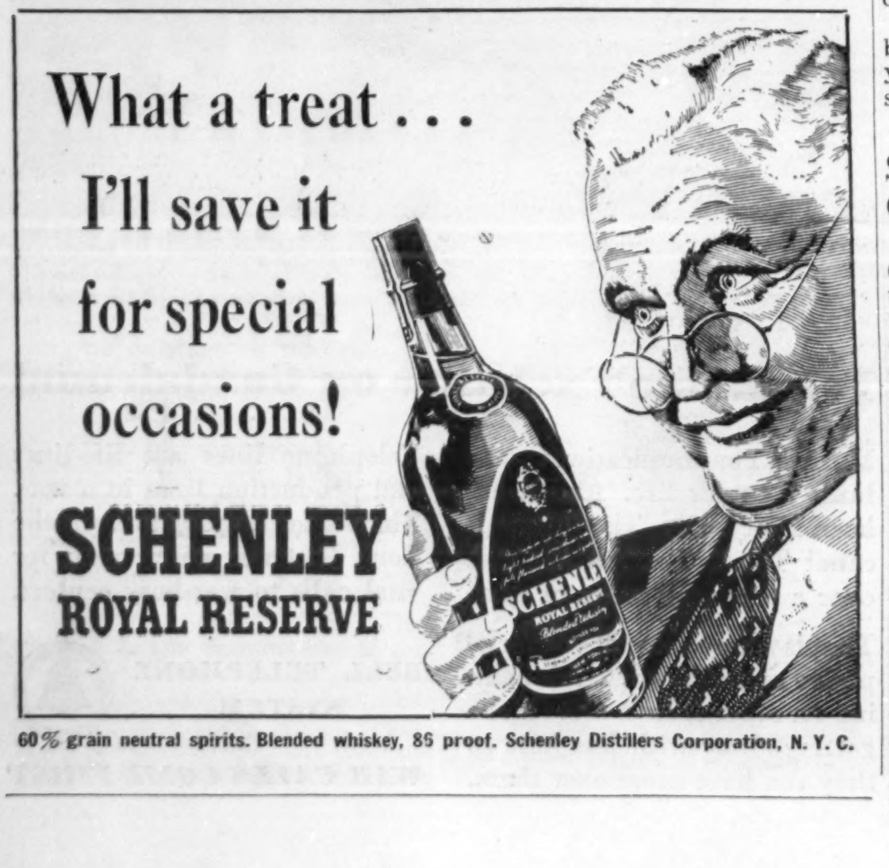
"The whole idea of an international organization to achieve and maintain currency stability is a case of misplaced emphasis. It is not international policies but domestic policies that produce currency stability. Only nations that balance their budgets and follow sound monetary and credit practices can permanently enjoy stable currencies. The most that any international board could do in this direction would be to encourage such practices among its member states. A stabilization fund or clearing union that attempted to provide a substitute for these stern requirements by making loans or manipulating exchange markets—that is, to make itself a financial leaning-post for weak nations—would be foredoomed to failure.

Dangers of Centralized Control

"Advocates of international regulation are correct in pointing out that the gold standard has sometimes given trouble in actual operation. Its failure, however, has been brought about in almost every instance either by war, internal political mismanagement, or the failure of nations to keep their financial houses in order. Experience, therefore, warrants caution against high expectations concerning the results of centralized action. Any such plan represents an attempt to substitute fallible human judgment and discretion for the impersonal action of the markets in regulating balances of international payments and foreign exchange rates.

"Errors of judgment occur, of course, under any economic system. When decisions are arrived at by numerous individuals, however, the correct judgments tend to balance the mistaken ones; and harmful effects, except to the individuals in error, tend to be held to a minimum. With the fate of national economies left in the hands of a small group of individuals, whose national interests could not always be the same, a mistaken conclusion would probably prove much more harmful in its consequences than under the decentralized system of the past.

"If the exchange markets were really free of controls (including arbitrary and manipulative tariff adjustments) and if the internal economies of nations were effectively regulated by the price and profit mechanism, the automotive machinery of markets would be a more effective stabilizer than any international board could possibly be. The gold standard would, moreover, be more clearly understood and would undoubtedly give a greater feeling of security than an artificial and complicated control mechanism."



60% grain neutral spirits. Blended whiskey, 86 proof. Schenley Distillers Corporation, N. Y. C.

Wartime Expansion Improves World Basic Commodities Position Of U. S.: Conference Bd.

Wartime expansion has considerably improved the relative world position of the United States as regards production capacity and output of basic commodities, according to the National Industrial Conference Board, which pointed out on May 25 that steel production in the United States in 1940 amounted to 67,000,000 tons, or 42.8% of world output; in 1942 it reached an all-time high of 86,000,000 tons, and will be further expanded to 92,000,000 tons in 1943. The corresponding total steel capacity of the Axis nations is about 61,000,000 tons. These and other data were released from compilations prepared for the Board's Annual Meeting at the Waldorf Astoria Hotel in New York. The release stated:

"The United States produced slightly more than 200,000 short tons of aluminum in 1940, or nearly a fourth of the world total. In the first war year aluminum production was increased to 461,000 short tons, while the rate of production at the end of 1943 should exceed 1,000,000 short tons, according to the Board's figures.

"In 1939 the United States produced 712,700 short tons of copper from domestic ore, or an estimated 29.6% of the world output. The Board estimates United States production in 1942 at 1,100,000 short tons. Production of magnesium in this country in 1940 amounted to about 13,000,000 pounds; ultimate wartime capacity is expected to be between 600,000,000 and 725,000,000 pounds, according to the Board. In 1940 production of alloy steel ingots and castings was 4,966,000 net tons; in 1943 production is expected to be from 13,000,000 to 16,000,000 net tons. Increase in the production of synthetic chemicals and related products has also been impressive, the Board finds."

In further interpretation of these facts, the Board says:

"The war has given tremendous impetus to expansion in the production of alloy steels, magnesium and aluminum. After the war, demand is expected to continue at a high level. Improved technology now permits steel-makers to furnish alloy steels for a much wider range of special purposes than was formerly possible. Lowered production costs for magnesium and aluminum, coupled with their desirable physical properties of strength and lightness, are expected to give these metals important competitive advantages in the post-war markets.

"Current expansion in synthetics is largly the result of wartime necessity. Synthetic chemicals are of vital importance in times of peace as well as in war. The future status of the synthetic rubber industry is indeterminate at present, depending upon post-war international trade policies. Some use of this new rubber will continue, however, because it has properties that cannot be easily duplicated by natural rubber.

"Peacetime uses of rayon have been increasing steadily in recent years, particularly in the case of stable fibre."

SEC Amends Rule For Qualifying Accountants

The Securities and Exchange Commission announced on May 24 the adoption of two amendments to Rule 2-01 of Regulation S-X dealing with the qualifications of accountants certifying financial statements required to be filed with it.

The Commission's announcement explained:

"Subsequent to the adoption, on Nov. 7, 1942, of the present subsection (c) of Rule 2-01, representatives of the accounting profession made inquiry as to whether the language 'in determining whether an accountant is in fact independent with respect to a particular company, appropriate consideration shall be given to the propriety of the relationships and practices involved in all services performed for the company by such accountant' implied that the Commission would seek to determine the 'propriety' of all such relationships in and of themselves. In discussions and conferences arising out of such inquiries, the Commission made it clear that it was interested in relationships between a certifying accountant and a registrant only insofar as the existence of particular relationships might be relevant to its determination whether the accountant was in fact independent. In order to avoid any possible misinterpretation of its policy in this respect, the Commission has amended Rule 2-01 (c) so as to restate its objectives in more general terms, thus avoiding the misunderstanding apparently resulting from the use of more particularized language in the original rule.

"At the same time Rule 2-01 (b) has been amended to make it clear that the relationships listed therein are not the only relationships which would prevent an accountant from being independent in fact."

The Commission directed attention to several Accounting Series Releases, containing statements of administrative policy and opinions of the Chief Accountant on the question of independence, one of which it noted, includes a summary of the principal Commission decisions involving independence of accountants. A summary of informal decisions on the question will be issued at a later date.

Manual Issued To Aid In Bank Examinations

Step-by-step procedure for the examination of banks by their directors is presented in the manual, "How Directors Should Examine Their Bank," published by the New York State Bankers Association. The publication, prepared by a subcommittee of the Committee on Bank Management and Research headed by Warren Unbehend, President of the Lincoln National Bank and Trust Co., Syracuse, is designed to fill a need for a book to assist directors in discharging their full responsibilities in the supervision of bank management.

The manual makes a novel approach to the problem of directors' examinations, in that in addition to prescribing forms for examining committees to fill out, it actually develops the procedure in detail and in simple, understandable language. The manual does not presuppose that the directors have technical bank examining experience; it is written to tell the local baker, grocer, doctor, or attorney, or any other busines or professional man who happens to be a director, what to do in order to find out what is going on in the bank.

While it recognizes there is a limit to the time directors can devote to examinations, the manual also holds that a directors' committee report, to be of value, must represent a thoroughgoing analysis. In order to accommodate both of these elements, the committee has made its instructions all-inclusive, but at the same time sufficiently elementary to preclude any chance of time-wasting mixups.

Steps outlined for examining the assets of the commercial department include counting cash and cash items, checking reserves, evaluating balances due from banks, evaluating the loans and discounts, classifying loans, evaluating real estate, building, furniture, and fixtures, and verifying charged-off assets,

Lester A. Pratt, a Washington, D. C., certified public accountant specializing in bank examinations and an authority on directors examinations, participated in the preparation of the manual, assisting the members of a subcommittee on Bank Management and Research, consisting of Warren Unbehend, Chairman of the Committee and President of the Lincoln National Bank and Trust Co., Syracuse, and Oliver Birckhead, President of the Peoples National Bank and Trust Co., White Plains, who is the author of a similar treatise published some time ago.

The manual contains 32 pages and sells for 50 cents. Copies are available from the New York State Bankers Association, 33 Liberty Street, New York City.

NY War Bond Sales Total $7,051,765,000

A final statement of sales of U. S. Government securities in the Second (New York) Federal Reserve District during the Second War Loan, April 12 to May 1 (with sales of Series E War Savings Bonds as tabulated through May 8) shows a grand total of $7,051,765,000, Allan Sproul, Chairman of the War Finance Committee of the Second (New York) Federal Reserve District, announced on May 12. Advices from Mr. Sproul state:

"Total sales to non-bank investors aggregated $5,167,557,500. Sales to commercial banks (⅞% Treasury Certificates of Indebtedness, 2% Treasury Bonds and Treasury Bills, the latter estimated) totaled $1,445,000,000.

"Sales to dealers and brokers, excluding amounts distributed or ear-marked for distribution by them to non-bank investors—the latter being reallocated to the non-bank investors group—totalled $439,207,500.

"Sales to non-bank investors in the Second Federal Reserve District, were distributed as follows:

"Series E War Savings Bonds, $208,246,000 to an estimated 3,031,000 subscribers.

"Series F and G Savings Bonds, $123,647,000 to 48,133 subscribers.

"Tax Savings Notes, Series C, $484,608,000 to 5,003 subscribers.

"2½% Treasury Bonds, $1,958,132,000 to 38,233 subscribers.

"2% Treasury Bonds, $1,304,682,500 to 15,893 subscribers.

"⅞% Treasury Certificates of Indebtedness, $1,088,242,000 to 4,812 subscribers.

The announcement further stated:

"Comparisons with results in the December drive cannot be made exactly, because of the length of the drives differed and also because the securities included in the respective "baskets" were different. The E Bonds were not included in the December "basket" but it is estimated that 2,264,500 subscribers purchased $93,811,275 during that drive. Sales of F and G Bonds aggregated $67,297,919 to 24,781 subscribers. In December, sales of Series C Tax Savings Notes aggregated $405,669,000 to 3,033 subscribers. In December, $1,036,017,000 ⅞% Certificates were sold to 2,225 subscribers. Instead of 2% Treasury Bonds, 1¾% Treasury Bonds were sold in December in the aggregate amount of $574,432,000 to 4,434 subscribers. Sales of long term 2½% Treasury Bonds in December, aggregated $1,598,048,000 to 21,322 subscribers.

"On the basis of even these rough comparisons, however, it is clear that the Second War Loan reached a much larger number of individuals, as well as accounting for a much larger dollar amount of sales, than did the First War Loan."

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New York Bank Earnings Increasing?

(Continued from page 2060)

naturally conclude that profits would show a great increase over any recent year. And that is clearly indicated by some more official figures.

Each week the Board of Governors release a mass of bank figures. They are a mine of information for a statistician. One item shown in each of these reports is "Capital Accounts." Under this head is the combined capital, surplus, undivided profits, reserves, etc. The change in this item **suggests**—it does not prove—the trend of profits. These figures now strongly, almost irresistibly, suggest that New York City reporting member banks are currently experiencing a very satisfactory increase in profits. The following table showing the expansion in capital accounts for 20 weeks ended May 19 this year, compared with the corresponding period for previous years, most cogently suggests larger profits for these banks.

(Last figures omitted)

Capital accounts for,	
December 30, 1942	$1,561
May 19, 1942	1,601
Increase	40%
December 31, 1941	1,535
May 20, 1942	1,547
Increase	12%
December 31, 1940	1,503
May 21, 1941	1,519
Increase	16%
December 27, 1939	1,480
May 22, 1940	1,502
Increase	22%

Earnings Increase

This table shows that capital increased in the 20 weeks ended May 19 this year more than three times as fast as for the corresponding period a year ago. While these figures beyond question indicate expansion in earnings, they do NOT indicate that total net earnings for this year are three times as great as last year. For instance, the capital increase is supposed to indicate the amount left after paying dividends. Suppose, for instance that New York banks actually paid $60,000,000 dividends in the first 20 weeks of 1942 and the same amount in the first 20 weeks this year. Since capital increased $12,000,000 last year for the 20 weeks under review, that would suggest earnings of $60,000,000 dividends plus $12,000,000 increase in capital, or $72,000,000. By the same process of reasoning profits this year would be $60,000.000 plus $40,000,000 or a total of $100,000,000. That would suggest an impressive increase over last year, but not three times as much.

There is a widespread error that banks cannot earn profits because of the low interest rates received. That is demonstrably erroneous. Assume that a bank with $1,500,000 capital and, say $3,000,000 surplus, has $110,000,000 assets—there are such banks. Now assume that this imaginary bank can earn ½ of 1% on total assets. That would be $55,000. And it would be about 36% on capital stock; it would be about 12% on total capital, surplus and undivided profits.

They Are "Straddle Stocks"

Such profits on assets that consist largely of government obligations have never before been seen in banking houses. What is more, banks are not only earning profits now, but these profits will continue indefinitely. A large part of their income is derived from bonds and they will own these bonds for many, many years. They will own more than they now have, consequently it is probable that earnings will increase rather than decrease.

Wall Street is searching for "straddle stocks"—stocks of enterprises that are expected to prosper, war or no war. What better investment for this purpose than bank stocks?

Tomorrow's Markets Walter Whyte Says—

(Continued from page 2063)

Last week I recommended a list of eight stocks of which four got down to the prices advised for their purchase. These were Bethlehem about 64½; National Distillers at 31; Newport Industries 16; and Raybestos-Manhattan at 29. The other four, U. S. Industrial Alcohol, U. S. Steel, Youngstown Sheet and Container (which inadvertently appeared as Certainteed) were unavailable at the prices given. All four of the stocks you now have act as well as the market; no better no worse. The stops applying to these are still in effect but in view of the changed picture you might consider taking a smaller profit, if as and when, than I originally had in mind.

* * *

Bethlehem Steel—stop remains 63. Take profits 67 or better. National Distillers, stop 28½. Take profits 33 or better. Newport Industries, stop 14. Profits at 17½ or better. Raybestos - Manhattan, stop 27. Take profit at 30½ or better.

The stocks which did not get low enough to buy last week are now cancelled.

* * *

More next Thursday.

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

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Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

The term "leverage," as it applies to bank stocks, is frequently defined as the ratio of deposits to capital funds. The basis for this definition is the fact that deposits, which are several times capital funds, represent the bulk of the funds which are theoretically available to a bank for earning purposes. However, this ratio is not entirely satisfactory as a measure of leverage, because it does not necessarily reflect the cash position of the bank, as determined by reserve requirements (which are not uniform among all Federal Reserve districts), bank needs and general credit and investment conditions. Capital funds, which comprise capital, surplus and undivided profits, represent the stockholder's equity or the book value of his stock.

A more practical "leverage" is found in the ratio of earning assets to capital funds. Earning assets comprise, in the main, U. S. Government securities, state and municipal securities, other bonds and securities, loans and discounts, and real estate. These figures may be obtained from the banks' statements of condition as readily as may deposits.

The "leverage" ratios of leading New York City bank stocks have been increasing over the past few years at a very substantial rate, as the accompanying tabulation shows. As of Dec. 31, 1939, the average ratio for the fifteen banks was 6.23 to 1; as of Dec. 31, 1942, it was 10.65 to 1.

LEVERAGE RATIO
Earning Assets to Capital Funds

New York City Banks	Dec.30 1939	Dec.31 1940	Dec.31 1941	Dec.31 1942
Bank of Manhattan	7.95	9.36	11.10	14.64
Bank of New York	9.07	8.59	10.81	13.32
Bankers Trust	7.83	8.81	9.29	9.86
Central Hanover	6.16	6.87	9.76	12.22
Chase National	7.39	8.98	10.57	13.94
Chemical	5.55	6.92	9.09	11.63
Continental	5.45	5.80	6.72	8.95
Corn Exchange	6.48	5.87	8.24	11.47
First National	4.20	5.28	5.53	6.71
Guaranty Trust	4.87	6.00	5.95	8.30
Irving Trust	3.88	4.04	5.23	7.56
National City	9.12	9.41	10.52	14.46
New York Trust	7.03	7.58	8.80	11.88
Public National	6.45	6.72	7.24	11.04
U. S. Trust	2.18	2.24	3.14	3.64
Average	6.23	6.83	8.15	10.65

In view of this increase in the leverage of approximately 71%, the action of the bank stock market is not easy to understand. Standard and Poor's weekly index of New York City bank stocks was 95.8 on Dec. 27, 1939, when the average leverage of the fifteen banks was 6.23; on Dec. 30, 1942, when the average leverage was 10.65, the index stood at 74.0, or 22.8% lower. Since then, however, it has moved up to 92.4, but this is still below the 1939 year-end level by 3.5%.

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The wide variation of the leverage which exists among the individual banks is very noticeable, and ranges between a low of 3.64 for United States Trust to a high of 14.64 for Bank of Manhattan. In the case of United States Trust, however, the major source of revenue consists of trust department fees, while commercial banking operations are of secondary importance, thus its leverage has not the same significance as in the case of most banks. Nevertheless, its leverage has increased 67% over the four-year period.

It is of interest to examine the leverage increase of each bank, and to compare this with the market price of each stock as of Dec. 12, 1939, Dec. 31, 1942, and May 28, 1943, and also with the per cent by which each market price has increased or decreased over the period.

MARKET PRICES

	12-30-39	12-31-42	5-28-43	% Change 12-30-39 to 5-28-43	Leverage Increase 12-30-39 to 12-31-42
Bank of Manhattan	17¾	17	21⅛	+19%	84.2%
Bank of New York	439	289	374	—14.8	46.9
Bankers Trust	61½	38	50¼	—18.3	25.9
Central Hanover	107½	75¾	100	— 7.0	98.4
Chase National	37½	29½	38	+ 1.3	88.6
Chemical	51¾	39¾	48⅜	— 6.5	109.5
Continental	14¾	13⅜	18½	+28.7	64.2
Corn Exchange	60¾	37⅞	46⅝	—23.3	77.0
First National	1,935	1,145	1,535	—20.7	59.8
Guaranty Trust	290	238	304	+ 4.8	70.4
Irving Trust	13	11⅞	14⅜	+10.6	94.8
National City	29¾	30⅛	35⅛	+18.1	58.6
New York Trust	113½	74⅜	87¼	—23.1	69.0
Public National	31¾	28¾	33¾	+ 6.3	71.2
U. S. Trust	1,660	1,050	1,225	—26.2	67.0

This record does not seem to make much sense. For example, Chemical's leverage has more than doubled over the four years, yet its stock today is 6.5% lower. Central Hanover's leverage has almost doubled, and its stock is 7.0% lower. On the other hand, National City's stock is 18.1% higher, while its leverage has increased but 58.6%, which is considerably below the average of 72.4%.

The fact of the matter is, in the study of bank stocks, no single ratio by itself is sufficiently significant or comprehensive to be conclusive. Many students of bank stocks attach much weight to leverage, especially deposit leverage, but taken alone it can be most misleading as can readily be illustrated. Bank of Manhattan's net operating earnings in 1942 represented 4.8% on book value; its leverage was 14.64, highest in the group. First National's net

(Continued on page 2076)

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

NEW YORK, N. Y.—**E. Allen Henderson** recently became associated with **Glore, Forgan & Co.,** 40 Wall Street. Mr. Henderson in the past was in the trading department of W. E. Hutton & Co.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Edward W. Ackley** has become affiliated with **Hunnewell & Co.,** 49 Federal Street. Mr. Ackley was formerly with Kendall G. Hathaway & Company.

(Special to The Financial Chronicle)

DETROIT, Mich.—**James W. Crawford** is now with **Baker, Simonds & Co.,** Buhl Building. Mr. Crawford was previously with Mercier, McDowell & Dolphyn, C. G. McDonald & Co., and Moody, Bollinger & Co.

(Special to The Financial Chronicle)

INDIANAPOLIS, Ind.—**J. A. Swope** of Columbus, Ind. has been added to the staff of **Merrill Lynch, Pierce, Fenner & Beane,** Fletcher Trust Building.

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—**Harold R. Scherer** has rejoined the staff of **Fairman & Co.,** 650 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Fred **J. Faerber** has become associated with **Samuel B. Franklin & Co.,** 215 West Seventh Street. Mr. Faerber was formerly with Bogardus, Frost & Banning, Klehmet & Co., Dean Witter & Co. and Wm. Cavalier & Co.

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—**William B. Richards** has become connected with **Pacific Company of California,** 623 South Hope Street.

(Special to The Financial Chronicle)

MILWAUKEE, Wis.—**August A. Jonas** has become associated with **Merrill Lynch, Pierce, Fenner & Beane,** 710 North Water Street.

(Special to The Financial Chronicle)

PASADENA, Calif.—**Marion B. Mercier** is now with **William R. Staats Co.,** 311 East Colorado Street. Mr. Mercier was previously with Leo G. McLaughlin Company.

(Special to The Financial Chronicle)

SACRAMENTO, Calif.—**Harry A. Armstrong** has been added to the staff of **Mason Brothers,** Financial Building.

(Special to The Financial Chronicle)

SACRAMENTO, Calif.—**Philip J. Daube** has become connected with **Schwabacher & Co.,** Hotel Sacramento, Mr. Daube was formerly with Bankamerica Company and prior thereto was with the Anglo California National Bank of San Francisco.

Food Conference At Hot Springs Expects Freedom From Want To Be Achieved

Expanded Production Urged To Avoid Serious Food Shortage

AT HOT SPRINGS, VA., on June 1 a 7-point declaration of principles comprising 500 words, was made public by the United Nations Conference on Food and Agriculture, in which the delegations from the 44 participating Nations stated their belief that its goal of freedom from want could be achieved. Russell B. Porter, correspondent at Hot Springs of the New York "Times," indicating this, stated in his advices to that paper, that there are great tasks to be done, the first of which is the winning of the war and the deliverance from hunger of millions of people in the occupied countries.

According to Mr. Porter the 7-point declaration said:

The post-war objectives of the United Nations would be international collaboration to maintain freedom from fear of future wars, to expand greatly the production of food all over the world, to expand and balance the whole international economy in order to abolish poverty through full employment and increased buying power and to see that all peoples get the best possible diet for health and life. Mr. Porter's special advices to the "Times" also said in part:

"All participating governments are urged to adopt the recommendations of the conference and hold early conferences on problems outside the scope of the Hot Springs agenda, such as immediate post-war relief, freer trade, price stabilization, foreign exchange and international investments. They must not wait for final solutions of such problems to take the first steps toward freedom from want, the declaration adds, but should make ready now."

On the previous day (May 31) in the account from Hot Springs to the New York "Herald Tribune" from its correspondent, Jack Beall, it was stated:

A comprehensive scheme of socialized world nutrition through subsidies, free or low-cost feeding centers and universal free lunches for school children is being worked out by the United Nations conference on food and agriculture, which is in its final week of meetings here.

Summaries of reports by two sections of the conference, Section I on food consumption and Section III on distribution, which have been circulated to the press, outline the recommendations, but the full text of the reports will not be available for a day or so, as they are subject to action by the full conference.

The most important statement, as publicized by Section III, says that governments of all countries should accept the responsibility, so far as within their power, to improve the diet of all persons who lack a sufficient diet, and lays down the following methods for that accomplishment:

Social security measures, such as family allowances, social insurance and minimum wages.

Direct action to make protective foods available free or at low prices to groups with inadequate diets, and

Special measures for such groups as pregnant women, nursing mothers, infants, children, aged persons, invalids and those with low pay.

The report goes on to point out that there may be some countries engaged in developing their agriculture that may not yet be able to produce enough food for themselves, or be possessed of the means to acquire adequate amounts broad.

"It is therefore desirable that a part of current world food supplies be used to supplement the national food-distribution programs of such countries, and the possibilities for developing these measures should be studied by an international food organization," the report continues, without indicating just how the food should be made available without recourse to a "Santa Claus formula," which has supposedly been disavowed by the American delegation.

The full text states that protective foods can be made available more easily to the consumer, without impairing the interests of the producer, through low-cost feeding centers where the nutritional content of the food is carefully controlled. . . .

School meals should be absolutely free to all, regardless of need, in the opinion of the section, since they would not be operating on a relief basis.

In certain cases, the full report continues, it may be possible, through distribution programs to the lower income groups, to expand consumption substantially, and this increased consumption may be sufficiently great to make it profitable for the farmer to sell part of his crop at less than market prices and for the distributor to handle this part of a crop at a reduced margin.

On the question of "where is the money to come from?" the full report has several suggestions:

In any scheme for low-cost or free food, the contribution by the National Government should be the most important one.

The funds might also come from the consumer, where the food is not free; from the employer, in the case of a factory canteen, and from the food producer and distributor.

"The cost of maintaining such feeding centers," the report says, "should be shared between all bodies or people obtaining some sort of advantage from the existence of such centers. The national government should in most cases, it is repeated, be the principal and most important contributor."

The continuing international food organization which is eventually to be formed, after an interim organization has been set up, might be asked to study the various mechanisms of State subsidy in an effort to solve the problem of supporting such a program, the report states.

One suggestion is that cash payments to the unemployed or the aged should be made large enough to provide for adequate diets because these people would not be able to take advantage of the mass-feeding devices of factory canteens and schools.

The recommendations of Section I, in its summary report, also dovetail into the plan for socialized nutrition brought out by Section III.

On May 30 the Conference was informed by its production section that a severe world shortage of foodstuffs lies ahead for the immediate post-war period, including shortages of transport and the means of production, and suggested steps for expanded production to assure freedom from want. The Associated Press advices from Hot Springs stated:

The Conference's Section II, devoted to problems of production, declared special adjustments in production will be necessary now and immediately after the war to meet urgent needs of the period of shortage.

"There are likely to be not only severe shortages of the principal foodstuffs, but shortages also of transport and the means of production—such as fertilizers, seeds, machinery, farming implements and gasoline," a summary said. "It seems probable that there will be a world shortage of meats and milk and other livestock products, of oils and fats, and even of such high-calorie foods as rice. Lack of adequate transportation from those countries which may have surplus stocks of grains may even cause shortages of bread grains in some areas."

In any case the principal aim of production during the short-term period of shortages will be to forestall actual starvation in the devastated countries and to alleviate hunger in countries whose rural economy has been disorganized by the war.

For this reason production for immediate short-term needs must be planned on a basis which puts alleviation of hunger first and the nutritional improvement of diet second.

Press restrictions on the conference, which have been a point of controversy, were eased somewhat on May 22 when reporters were allowed to circulate in the hotel lobby in the evening. Prior to this announcement by Judge Marvin Jones, permanent chairman of the conference and head of the U. S. delegation, reporters had been barred from the hotel. The reason for the change, it was explained, was that the conference had completed its organization task with executive sessions being held in the daytime.

From the opening of the conference on May 18, reporters were excluded from direct access to the delegates. Judge Jones in a statement on May 19 said restrictions were laid on the press to guard against "release of information which could be of aid to the enemy" and to make it possible for delegates "to freely express themselves and go about their work with as little outside interference as possible." He further stated that the press facilities provided were to give the public a full report on the conference's activities and that "there was no disposition on the part of any one connected with the American Government to conceal any news from the press or the public."

The British proposal for an international world food bank was reported in these columns May 27, page 1976. President Roosevelt's message read to the opening session of the conference appeared in our issue of May 20, page 1877.

The Challenge Of Post-War Deficit Financing

(Continued from page 2059)

their farms because they were unable to meet taxes and mortgage payments, while the creditors lost heavily by foreclosures. There certainly was a loss in national purchasing power even though one group was under obligation to pay other groups within the country. The facts are that, when there is undue strain on one segment of the population, the entire economy is affected and no fancy wording will change or make it otherwise.

Suppose it were arranged that each taxpayer would receive interest from Government bonds equal to the amount of taxes he paid. Even then it would not be merely a transfer of money from one pocket to another, and therefore of no economic significance. This can be made clear by taking the case of a person whose taxes amount to say $2,000. This would call for an investment in Government bonds of $80,000, on the basis of 2½% interest payment. Now if his taxes were only half as much, he would have $1,000 to spend for other purposes instead of paying it out to the Government.

Furthermore, if this lack of concern over the debt is accepted as a general policy, there will develop less and less opposition to public spending and more and more resistance to higher taxes. The natural reaction of a hard-pressed people would be that if the nation can carry an unlimited amount of debt, then why should they sacrifice and carry an intolerable tax load.

The champions of this theory admit that there is no method of measuring a nation's debt capacity but point to England's debt of twice national income, after the close of the last war, as a guide. If our debt should reach $300,000,000,000 which is expected in responsible quarters, then it would be more than twice the predicted income of the post-war period. Despite this situation, the proponents would pass by the 'red lights' they have set up and proceed to embark upon their fiscal program after the war, continuing to pile up debt on debt on the theory that Federal spending generates income and provides the cushion for more debt.

During the 1930's approximately $25,000,000,000 was appropriated to prime the pump and thus create jobs, but at the end of the decade there were about 8,000,000,000 persons on relief. We are now told that the trouble was that we did not go far enough, as we operated on a hand-to-mouth basis. Under the new proposal there would be a dual system whereby private enterprise produces the goods and the Government guarantees the market through public expenditures. In other words, a system would be set up that combines the features of State socialism and free enterprise. But such a system would not work as the components are mutually antagonistic. The net result would be that as Government activities are extended, business enterprise would be forced to retreat until finally there would emerge a State-controlled society.

According to this theory, full employment would be assured by the use of Federal funds to take up any slack. But it is not possible to keep all industries and all lines of activity operating indefinitely at full capacity because of the variation in the demand for goods. Furthermore, in the event of an international depression, such as we had in the 1930's, we would be called upon to bolster the economy of the entire world.

This theory overlooks the fact that Government deficits provide merely a short-term stimulus to industry, principally to consumers' goods. But because of the fear and uncertainty that chronic defects engender, long-term capital is kept in hiding.

What, then, is the alternative to pump priming as a means of providing a high level of employment after the war? It is to be found largely in adopting public policies that will permit adequate profit incentives so that private enterprise may be encouraged to take risks. Toward this end our tax structure will have to be overhauled so that taxes on profits ploughed back into business will be substantially lower and thus provide a backlog for conversion to peacetime operations, for deferred maintenance and repairs, as well as for expansion. Industry must have this "seed money" to make better products at lower cost, to create more jobs, and pay higher real wages. The risk-taker should be given every inducement to embark upon new ventures. As Sumner Slichter, the noted economist, has said: "The nation which wishes a high standard of living must regard innovators, experimenters and starters of enterprises as peculiarly useful citizens and must be willing to go out of its way to furnish them a congenial and hospitable environment. . . . The country should not lose sight of the fact . . . . that high levels of employment require that a certain proportion of citizens seek to make their living, not by getting on someone else's pay roll, but by creating pay rolls of their own. Consequently a constant object of public policy should be to increase the number of persons who derive their incomes at least in part from job giving."—*From the New England Letter of The First National Bank of Boston.*

We were willing and able to take TOUGH JOBS

NEARLY EVERYBODY seems to know that the Chrysler Corporation makes Army tanks and that those tanks give a good account of themselves in battle, throughout the world.

For well over a year these big fighting machines have been produced in ever increasing quantities, but they are, after all, only a part of the total war production of this corporation.

That total war production includes twenty-one distinctly military products, for the use of our armed services and for the protection of civilian populations.

"GUNS AND CANNON FOR ATTACK AND DEFENSE"

For the soldier we not only make tanks in which he engages the enemy in battle; we also make the trucks and combat vehicles which haul him and his equipment about. We make the stoves that heat his tents and barracks and the field kitchens on which his meals are cooked. We make refrigeration units which preserve his food in camp and in the field. We make the ammunition to defend him and the guns and cannon with which to shoot the ammunition.

For the Air Service we make bomber fuselages for the Army, and major bomber sections for the Navy. We make landing gear for planes. In Chicago we are just completing a very large plant to make big airplane engines for long range bombers. We make the bomb racks to carry the bomb loads of the planes. We are making thousands upon thousands of Duralumin forgings and castings for all types of aircraft purposes.

"GYRO-COMPASSES FOR THE NAVY AND MERCHANT MARINE"

For the Navy we are making vital parts of searchlights that the Navy uses to spot its targets. We are making the gyroscopic compasses that steer the ships of the Navy and Merchant Marine. We make pontoons for lighterage and for the raising of ships that have been sunk. We make both pusher and puller types of tugs which are used all over the world from Iceland to Guadalcanal, on the rivers of South America, India and Russia. We make thousands of marine engines for many purposes—some of them for commando boats and things of that nature.

"COMBAT CARS TO HAUL MEN AND EQUIPMENT INTO BATTLE"

When we saw the war coming we knew that it would be a mechanical war and that no concern the size of the Chrysler Corporation would remain out of the picture.

We felt that institutions like ours should hold themselves free and in readiness to take tough jobs—those things that require intense cooperation on the part of scientists, metallurgists, engineers; the volume jobs that require intimate knowledge of the tooling and mechanical processes necessary to make duplicate equipment in large volume.

"BIG AIRPLANE ENGINES FOR LONG RANGE BOMBERS"

Today finds us employing over eight thousand subcontractors. Fifty-eight cents of every dollar we receive for our war effort is passed on to somebody else who supplies us services, materials or parts. We are not only prime contractors ourselves, but we are also subcontractors for a number of other companies, ranging from such concerns as General Electric and Westinghouse, employing great numbers of people, to small and remote outfits of a few hundred men.

Many people ask "What about your post-war plans?" Our only plan is the present urgent one to win the war and win it quick. For every moment that we can shorten this war we feel that, as a people, we are lucky, and, as a Nation, fortunate.

Of course we think that after the war people will be driving automobiles and eating bananas, washing their clothes, wearing shoes, and that the styles of ladies' hats will change. We feel that business is an economic thing and that it tends to follow cycles. We think that if we keep our minds on the fact that we are sailing a boat on an economic sea, and that if we sail it according to the charts and the weather, and to the conditions we find, that this Nation can go into its post-war effort with the same enthusiasm and the same desire to do a service to our 135 million people that is now being exhibited in this all-out war effort.

"THE MARINE ENGINES FOR COMBAT AND COMMANDO BOATS"

K T Keller

President, Chrysler Corporation

WAR PRODUCTS OF CHRYSLER CORPORATION

Tanks . . . Tank Engines . . . Anti-Aircraft Guns . . . Bomber Fuselage Sections . . . Bomber Wings . . . Aircraft Engines . . . Wide Variety of Ammunition . . . Anti-Tank Vehicles . . . Command Reconnaissance Cars . . . Cantonment Furnaces . . . Troop Motor Transports . . . Ambulances . . . Marine Tractors . . . Weapon Carriers . . . Marine and Industrial Engines . . . Gyro-Compasses . . . Air-Raid Sirens and Fire Fighting Equipment . . . Powdered Metal Parts . . . Navy Pontoons . . . Field Kitchens . . . Bomb Shackles . . . Tent Heaters . . . Refrigeration Compressors . . . Aircraft Landing Gears and other Important War Equipment

In the production of this war equipment Chrysler Corporation is assisted by 8,079 subcontractors in 856 cities in 39 states

[WAR BONDS ARE YOUR PERSONAL INVESTMENT IN VICTORY]

PLYMOUTH ☆ DODGE ☆ DE SOTO ☆ CHRYSLER

Divisions of CHRYSLER CORPORATION

Can The U. S. Support A 300 Billion Dollar Debt?

(Continued from first page)

credit which, while gold was loose, was endangered.

I believe one of the greatest hazards to the "freedom from want" is obsolescence. During this war struggle, as in all other wars, there is a terrific wastage of man-hours no matter what dollar sign you attach to it. In peace obsolescence is also taking an increasing toll of man-hours and, with all the Garden of Eden pleasures pictured to the eye and for creature comforts, we had built up a staggering total of unemployment. This it was attempted to support on borrowed money. The theory that you borrow for international wars should justify borrowing for domestic wars against want does not carry through in experience.

The difficulty is that too much of such borrowing is used to maintain a so-called high dollar sign in the wage scales of the country. This forced industrialists—even those socially minded—to seek ways of escaping the necessity for dealing with labor and added to the unemployment problems.

At the present time we are wasting capital faster than we can legitimately **accrue** it. We are accumulating it through the excessive Government borrowing which must terminate sometime, or some other drastic corrective will take place to establish value for man-hours.

How or when we get back to a basis for a fair exchange of man-hours and to trading with the world, I could not venture a guess, but increasing the debt isn't the way to establish domestic or international tranquility.

"Satan finds mischief for idle hands to do."

S. D. TOWNSEND

Chairman of the Board, Wilmington Trust Co., Wilmington, Del.

I read Dr. Saxon's article and was very much impressed with it, so much so that I turned it over to the other officers of the bank, all of whom read it with a good deal of interest.

It makes one feel a little more optimistic as to the future. I think it is anybody's guess as to what will eventually happen to our tremendous war debt, but we are still hopeful that we can swing it in some way.

C. M. MALONE

President, Guardian Trust Co. of Houston, Texas

I have read the report of Dr. Saxon which I consider a very clear statement. I am frank to say I am not qualified to say whether he is correct in all he says.

I do know that unless the voters of America stop the waste of Government money we will never pay the debt and instead of reducing it we will continue to increase. We must provide the money to win the war and we all realize no matter what the cost it must be won.

There are thousands of Government employees who should be dismissed and put in jobs essential to business or defense. One of these organizations is the Farm Credit Administration. If you have followed the reports of the Byrd Committee which is investigating this organization you know something about what kind of set up it has.

I suggest you get the annual report of Production Credit Corporation from Kansas City office and study this.

You will see that out of 529 P.C.A.'s. in the United States only 284 made expenses from farmer loans in 1942 and 245 lost money. This is a bad picture but does not tell the whole story. In Texas there are 36 P.C.A.'s and in 1942 they made $10,372.00 above interest on United States bonds. Three of these made $79,141.00 on this basis, showing that the other 33 lacked $68,769.00 of making expenses, if you take off the interest collected on Government bonds.

* * *

This organization only holds 8% of Non-Real Estate Agricultural loans in Texas and still it is costing the taxpayers a large amount and is not doing any particular good. It is working against the country banks and if allowed to continue will some day probably replace the country banks.

RAY LYMAN WILBUR

Chancellor, Stanford University

Upon reading the article by Professor Olin Glenn Saxon, on "Can the United States Support a 300 Billion Dollar Debt?" I find myself quite sympathetic with the points of view which he brings out. I must say that I am pretty tired of having to count the number of zeros after a figure to know what I am talking about in connection with government finances.

Harriman Ripley Names Four Vice-Presidents

(Continued from page 2058)

porated, now Harriman Ripley & Co., Incorporated. He has specialized primarily in the sales end of the business and is at present New York sales control manager.

After graduation from Dartmouth and two years' active service in the Army, David L. Skinner joined The National City Company as a salesman in 1919, serving that company in various sales capacities until the formation of the Harriman Ripley organization in 1934. He is now syndicate manager.

Born in Spokane, Washington, Franklin T. McClintock engaged in graduate work at Columbia and Harvard for two years after graduating from Princeton and then entered the investment banking business with Brown Brothers & Co. He continued with that organization when it became Brown Brothers Harriman & Co. in 1931, leaving to join Harriman Ripley in 1934. He is now a manager of the buying department.

In announcing the elections, Mr. Ripley said:

"The action of the board today is designed to give recognition to the service of these men and to the increasing responsibilities they are assuming in the company's affairs. Beyond this, it measurably strengthens the equipment of the organization to carry forward its activities in the investment banking field and to meet the calls for war service to which we, in common with other firms in this field, are subject."

Mr. Ripley, in addition to serving as chairman of Harriman Ripley & Co., Incorporated, is also chairman of the Board of Directors of the Cramp Shipbuilding Company of Philadelphia. He played an important part in the opening of this shipyard which is now actively engaged in the building of warships for the United States Navy.

Two Harriman Ripley vice-presidents are now on leave in war service, R. McLean Stewart having been associated for some months with the Army and Navy pilot training program of the Civil Aeronautics Administration, and James G. Scarff having accepted appointment as a Lieutenant Colonel on active duty with the Air Corps. In Chicago, Nathan D. McClure has just rejoined the organization after serving for several months as assistant executive manager of the United States Victory Fund Committee for the Seventh Federal Reserve District, while, in New York, Harry W. Beebe served with the Victory Fund Organization during the Second War Loan Drive.

SEC Amends Rule on Removal Of Securities

The Securities and Exchange Commission on May 29 announced the adoption of an amendment to paragraph (a) of Rule X-12D2-2 under the Securities Exchange Act of 1934. Paragraph (a) of the Rule heretofore has permitted an exchange, following certification of certain facts to the Commission, to remove securities paid, redeemed, or retired from listing and registration. The amendment will permit an exchange to remove the entire class of a registered security when the instruments representing the security come to evidence other securities, by operation of law or otherwise, as a result, for example, of a stock split-up, merger, consolidation, or reorganization.

The Commission's announcement further explained:

"The Rule as amended retains the substance of the provisions of the former Rule with respect to removal of securities which have been paid, redeemed, or retired. In addition, new clause (3) of the Rule as amended permits a registered security to be removed by an exchange if the instruments representing the security have come to evidence other securities of the same or a different issuer, in substitution for the original security. and represent no other right, except to receive an immediate cash payment. A cash payment is not a prerequisite to the operation of this clause; the intent of the exception is to permit the clause to be utilized even though an exchange of securities is accompanied by such a payment.

"Another provision of the amended Rule, which applies to cases in which the instruments representing a registered security have come to evidence another security of the same issuer, requires the exchange to delay the mailing of its notice and certification to the Commission, if the exchange has admitted or intends to admit the new security to trading pursuant to Rule X-12A-5. In such cases the exchange may not file a notice and certification of removal until the substituted security has been removed from its exempted status.

"Various other technical changes are made in the Rule."

Real Estate Securities

(Continued from page 2064)

that interest and principal of the bonds is unconditionally guaranteed by Bricken Construction Company and seven affiliated companies jointly and severally.

Comparative earnings for the past two years were as follows:

	1942	1941
Rental income, etc.	$464,672	$448,484
Operating expenses, etc.	141,451	148,865
Real Estate Taxes	99,439	99,411
Ground Rent	132.000	132,000
Balance	91.780	68.207
*Earned, $100 bond	$6.88	$5.09
Bond Interest	46.853	47,149
*Balance	44,927	21,058

* Before depreciation and amortization and based on bonds outstanding 1942—$1,334,000, and 1941—$1,341,000.

Ins. Stocks Attractive

The Agricultural Insurance Company, American Re-Insurance Company, Continental Casualty Company, Fireman's Fund Indemnity Company, Knickerbocker Insurance Company, Northern Insurance Company, Seaboard Surety Company, and Standard Accident Insurance Company, offer interesting possibilities at the present time according to memorandums issued by Mackubin, Legg & Co., 22 Light Street, Baltimore, Md., members of the New York and Baltimore Stock Exchanges. Copies of these memorandums may be obtained from the Insurance Stocks Department of Mackubin, Legg & Co. upon request.

What Are Traders?

By GEO. KRANZ, Cohu & Torrey

Traders are a peculiar breed living in the financial world. No definite method of producing or training traders is known. Some authorities claim that traders are born, not made; others retort that, if this were true, mothers would drown these babies at the first indication of the trader's curse, which would undoubtedly be a weakness for yelling at a rattle held in the baby fingers like a telephone.

Their admirers believe that traders possess super-sales ability, keen buying judgment, analytical and statistical insight, mathematical genius, and a sixth sense of market trends. Their detractors consider them a combination of Shylock, Scrooge, and Munchausen, with a dash of horse thief and witch-doctor to make it binding.

Converts, or victims, depending on the view-point, are not obtained for the trading profession by the free and premeditated choice of its apprentices. That few men deliberately decide to become traders is a fact gleefully seized by the critics of the breed, and supplemented by the statement that no one deliberately decides to become a dope-fiend, either. Men entering the financial world usually have dreams of competing with Morgan for their rightful place, but during the period of training for the fiscal battle they are induced to "sit in" at the trading desk as a necessary step in their financial education. Here the fascination of trading does its work like a siren, luring men away from their visions of Big Banking. Now, according to the old traders, if these men are brilliant enough to master the arts of this specialized profession, and have all the other numerous qualifications essential to the craft, they will succeed in becoming traders. The critics, however, believe the fascination of trading is like the hypnotism of a snake's stare—to be fought against and conquered.

Traders are adaptable and versatile. On succeeding telephone calls they may switch from a discussion of a railroad in Cuba to the R.F.C. loan granted a paper company in Maine. They can sound bearish to a potential seller, and bullish on the next call to a buyer. Their plans must always be subject to immediate change to become adjusted to new market factors.

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They are familiar with both the long term trend of the securities markets, and the minute-to-minute fluctuations, and are expected to anticipate the market's reaction to the latest utterance of President Roosevelt or Hitler, which should entitle them to membership in the Seers and Prophets Union.

During the course of an ordinary business day, traders may easily handle transactions in hundreds of thousands of dollars worth of securities, and on the way home argue over a dime won or lost in a bridge game.

Traders consider themselves as creators of profits, glorified contact men between buyer and seller, the middle-men of financial giants. Their critics consider them parasites living on blood money, a necessary evil in the realm of the money-changers; they usually close their case by quoting the legendary trader who pleaded, "Don't tell my mother I'm a trader—she still thinks I'm playing the piano at a clip-joint."

Davis Doubts Value Of Subsidies As Permanent Check On Inflation

Chester C. Davis, Food Administrator, declared on May 28 that it would be dangerous to depend generally on broad subsidy payments in the fight against inflation and that they would fail as a means of holding down inflation permanently.

Mr. Davis testified before a Senate Agriculture subcommittee inquiring into proposed use of subsidies to repay processors for a 10% roll-back in the retail prices of butter, meats and coffee beginning early in June.

The Food Administrator, however, expressed the hope that Congress would not prohibit subsidies entirely and that it be careful of any restrictions it imposes upon subsidies.

On the previous day (May 27) Mr. Davis told the Senate Banking and Currency Committee that it would be dangerous to restrict the operations of the Commodity Credit Corporation by a narrow prohibition of subsidies. Appearing in behalf of a bill to expand the CCC's borrowing power by $1,000,000,000, Mr. Davis said he thought the authorization was necessary for the corporation to carry on its present enlarged activities.

Associated Press accounts from Washington May 27 quoted him as saying:

"I think it would be dangerous to attach too much importance to the subsidy label, and line the people of the country up in hostile camps, one pro-subsidy, the other anti-subsidy."

Mr. Davis's declaration followed questioning by Committee members concerning subsidy plans. The Food Administrator said he did not know how many of the corporation's activities would be barred if subsidies were prohibited, but added there might be times when subsidies would be "very important to our operations."

Following questioning by Committee members concerning subsidy plans, Mr. Davis is reported as saying that the additional funds for the CCC were not connected with the proposed general food subsidy program involving a roll-back in prices.

Ulen Realization Corp.

(Continued from page 2059)

not known, but the Polish Government in exile is holding the Bank of France responsible and is attempting to recover from the French gold in this country.

Whatever the outcome of this particular controversy, Ulen should be able to realize far in excess of the present market value of its assets after a United Nations victory has been won. Book value of its stock, taken at the nominal values of last October's balance sheet, amounts to about $2.00 per share. Since then the Polish bank bonds have risen in price until the company's assets reflect a potential value of between $10.00 and $12.00 for the stock.

The speculative nature of this stock goes without saying. And yet, at present levels, it could prove to be one of those war-created opportunities.

Bank & Insurance Stocks

(Continued from page 2073)

operating earnings in 1942 represented 8.1% on book value; its leverage was 6.71, next lowest in the group. Both "deposit leverage" and "earning assets leverage" are useful indicators of earning potential, but when used alone they are deceitful.

A Safe Haven For Investment Funds

Individual investors, trustees and other* fiduciaries interested in becoming acquainted with the Federally insured investment opportunities offered by savings and loan associations should write for current explanatory literature to the associations mentioned below. When doing so please mention the "Chronicle."

- **Broadview Savings and Loan Company**
  3344 Broadview Road, Cleveland, Ohio
- **Buckeye Loan & Building Company**
  1302 Main Street, Cincinnati, Ohio
- **Citizens Federal Savings and Loan Association of Cleveland**
  1876 East Sixth Street, Cleveland, Ohio
- **Citizens Federal Savings and Loan Association of Hammond**
  5272 Hohman Avenue, Hammond, Ind.
- **Economy Savings & Loan Company**
  42 East Gay Street, Columbus, Ohio
- **First Federal Savings and Loan Association of Toledo**
  335 Erie Street, Toledo, Ohio—Write for descriptive circular.
- **Mid Kansas Federal Savings and Loan Association**
  215 East William, Wichita, Kans.
- **Northwestern Federal Savings & Loan Association**
  823 Marquette Avenue, Minneapolis, Minn.
- **St. Paul Federal Savings and Loan Association**
  Fourth at Wabasha Street, St. Paul, Minn.
- **Scioto Building and Loan Company**
  61 East Gay Street, Columbus, Ohio
- **Standard Federal Savings and Loan Association**
  735 South Olive Street, Los Angeles, Calif.
- **Union Savings & Loan Company**
  232 Superior Avenue, N. E., Cleveland, Ohio

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*Guardians, insurance companies, State, school and municipal sinking funds firemen's, police and other pension funds, etc.

World Organization To Maintain Peace Asked

Dr. Harold W. Dodds, President of Princeton University, told the graduating class on May 29 that the universal desire for peace through the reign of law must be incorporated in an international political organization if peace were to prevail, said a special dispatch from Princeton, N. J. on May 29 to the New York "Times" which added:

Advising the seniors that "victory is only part of the job," Dr. Dodds said the sole alternative to such an international organization was "relapse into dependence on the balance of power as a way of peace." He declared that "in the world that will come out of this war no nation can afford to place its hopes for peace in plans for balancing military force."

"The simple truth," he said, "is that unless we organize for peace we shall not have peace. Unless the idea of international collaboration, which few dispute, is incorporated in some political institution, it will remain a polite platitude."

The task for this generation, Dr. Dodds asserted, would be to see that the lessons of the war were not lost.

"I urge that, when you return victorious and rich in honor, you do not indulge in the luxury of a moral slump, because you will have completed your job only in part," he said. "The American way of life cannot withstand more wars of the exhausting sweep and savagery which expanding technology will make possible."

The world organization necessary to maintain peace, the Princeton President continued, must begin modestly and must respect the emotional strength of existing national loyalties. It must not, he declared, attempt to frame a super-government so new and unfamiliar that peoples would not be prepared emotionally to participate in it.

"At the outset," he explained, "it must therefore be one of limited scope and simple in operation, directed to those areas in which world interdependence is strongest and in which international friction is most readily generated. We shall not succeed if we attempted too much. We shall likewise fail if we attempt too little, for in that case international politics will inevitably revert to the familiar pattern of balance of power as a protection against aggression.

"We can establish the reign of law in international trade, we can assure access to the raw materials of the earth on an equitable basis and we can reduce the fear of insecurity and encirclement which is so often the psychological basis of war."

R. E. Byrne Now With Dempsey-Tegeler Co.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—R. Emmet Byrne has joined the trading department of Dempsey-Tegeler & Company, 407 North Eighth St., members of the New York and St. Louis Stock Exchanges. Mr. Byrne, who was formerly a partner in Edward D. Jones & Co., has specialized in St. Louis trading markets for the last 18 years.

N. Y. Title and Mtge. Ctfs. Series C-2 Interesting

Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York City, have prepared an analysis of series C-2 first mortgage certificates originally issued and guaranteed by New York Title & Mortgage Company.

Copies of this analysis may be had from Seligman, Lubetkin & Co. upon request.

Hicks With Mitchum Tully

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—William N. Hicks, Jr., and Arthur P. Adkisson have become associated with Mitchum, Tully & Co., 650 South Spring Street. Mr. Hicks, a member of the Los Angeles Stock Exchange, was formerly with the District Bond Co. and prior thereto was with White, Wyeth & Co., and James R. Martin & Co. Mr. Adkisson was previously with Paul J. Marache & Co.

John F. Dunn Now With Staff Of Davies & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—John F. Dunn has become associated with Davies & Co., Russ Building, members of the New York and San Francisco Stock Exchanges. Mr. Dunn was formerly with Swift & Co., Schwabacher & Co., Walston & Co., and Dickey & Co. In the past he was a partner in Russell-Colvin & Co. and was San Francisco manager for Stephenson, Leydecker & Co.

D. Josephs Succeeds James As President Of Teachers Ins. Ass'n

Henry James, President and Chairman of the Board of the Teachers Insurance and Annuity Association of America since 1932, has resigned his office of President, as of May 31, 1943, to devote a part of his time to other activities. The trustees have accepted his resignation with regret, but understand his desire to be relieved of certain administrative duties. Mr. James will remain as Chairman of the Board of Trustees and share the responsibility for the policies of the Association.

A part of Mr. James' policy has been to build a vigorous group of administrative officers. The trustees are therefore fortunate in being able to select from this group, as the new President, Devereux C. Josephs, who joined the Association in 1939 as Financial Vice-President in charge of its investment work.

Mr. Josephs was born in 1893 and was graduated from Harvard in 1915. From then until 1939, except during the period of the last war, he was engaged in the investment banking business in Philadelphia. He devotes part of his time to the investment work of three of the Carnegie foundations.

The new administrative arrangement has had the careful consideration and unanimous approval of the trustees, and they announce these changes with confidence that they are in the best interests of the Association.

STANY Ambulance Fund Is Strongly Supported

The Security Traders Association of New York is receiving excellent support and cooperation in its drive for funds to purchase ambulances for various branches of the U. S. Armed Forces.

Members of the Ambulance Fund Committee are Walter F. Saunder, Dominion Securities Corporation, Chairman; Jerry Aal, Abraham & Co.; Chester de Willers, C. E. de Willers & Co.; Michael J. Heaney, Joseph McManus & Co.; Thomas A. Larkin, Goodbody & Co.; John J. O'Kane, John J. O'Kane, Jr. & Co.; Harry Peiser, Ira Haupt & Co.; Fred Preller, Eastman, Dillon & Co.; Abraham Strauss, Strauss Bros.; Edward Thompson, Smith, Barney & Co.; and Robert Torpie, Merrill Lynch, Pierce, Fenner & Beane.

Checks should be made payable to the Security Traders of New York Ambulance Fund and may be sent to any member of the Committee.

STANY has 55 members in the armed forces.

"Industries Of Tomorrow"

The New York Stock Exchange firm of C. B. Richard & Co., 60 Beaver St., New York, have issued two circulars for private investors in their series of "Industries of Tomorrow." The first statistical study issued by the firm is entitled "The Oil Industry — Petroleum Chemistry" and the second descriptive circular covers "The Electronic Industry." Both circulars are written for the layman and are quite comprehensive and complete in their treatment of both subjects. The firm of C. B. Richard & Co. dates back to 1847.

Clothing Stock Looks Good

An interesting descriptive circular on Fashion Park, Inc., which the firm believes offers attractive possibilities, has been prepared for distribution by Simons, Linburn & Co., 25 Broad Street, New York City, members of the New York Stock Exchange. Copies of this circular may be had from Simons, Linburn & Co. upon request.

DIVIDEND NOTICES

AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 149
Common Dividend No. 133

A quarterly dividend of 75¢ per share (1½%) on the Preferred Stock for the quarter ending June 30, 1943, and a dividend of 15¢ per share on the Common Stock have been declared. Both dividends are payable July 1, 1943, to holders of record June 10, 1943. The stock transfer books will remain open.

J. P. TREADWELL, JR.
May 26, 1943 *Secretary*

CANCO AMERICAN CAN COMPANY

PREFERRED STOCK

On May 25, 1943 a quarterly dividend of one and three-quarters per cent was declared on the Preferred Stock of this Company, payable July 1, 1943, to Stockholders of record at the close of business June 17, 1943. Transfer Books will remain open. Checks will be mailed.

R. A. BURGER, *Secretary.*

American Locomotive Company

30 CHURCH STREET
NEW YORK, N. Y.

Preferred Dividend No. 140

A dividend on the Preferred Capital Stock of this Company of $1.75 per share on account of accumulated dividends has been declared payable June 23, 1943, to the holders of record of said stock at the close of business on June 8, 1943.

Transfer books will not be closed. Checks will be mailed by the Bankers Trust Company on June 22, 1943.

JOHN D. FINN
May 27, 1943 *Secretary*

ANACONDA COPPER MINING CO.

25 Broadway
New York, N. Y., May 27, 1943
DIVIDEND NO. 140

The Board of Directors of the Anaconda Copper Mining Company has declared a dividend of Fifty Cents (50c) per share upon its Capital Stock of the par value of $50, per share, payable June 28, 1943, to holders of such shares of record at the close of business at 3 o'clock P. M., on June 8, 1943.

JAS. DICKSON, Secretary & Treasurer

CALUMET AND HECLA CONSOLIDATED COPPER COMPANY

Dividend No. 44

A dividend of twenty cents ($0.20) per share will be paid on June 16, 1943, to holders of the outstanding Capital Stock of the Calumet and Hecla Consolidated Copper Company of record at the close of business June 5, 1943. Checks will be mailed from the Old Colony Trust Company, Boston, Mass.

A. D. NICHOLAS, *Secretary.*
Boston, May 26, 1943.

CELANESE CORPORATION OF AMERICA

180 MADISON AVE. · NEW YORK, N. Y.

THE Board of Directors has this day declared the following dividends:

5% CUMULATIVE SERIES PRIOR PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.25 per share, payable July 1, 1943 to holders of record at the close of business June 14, 1943.

7% CUMULATIVE SERIES PRIOR PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable July 1, 1943 to holders of record at the close of business June 14, 1943.

7% SECOND PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable July 1, 1943 to holders of record at the close of business June 14, 1943.

COMMON STOCK

A dividend of 50¢ per share, payable June 30, 1943 to holders of record at the close of business June 14, 1943.

JOHN A. LARKIN,
Vice-Pres. & Sec'y.

June 1, 1943.

DIVIDEND NOTICES

COMMERCIAL INVESTMENT TRUST CORPORATION

Common Stock, Dividend

A quarterly dividend of 75 cents per share in cash has been declared on the Common Stock of COMMERCIAL INVESTMENT TRUST CORPORATION, payable July 1, 1943, to stockholders of record at the close of business June 10, 1943. The transfer books will not close. Checks will be mailed.

JOHN I. SNYDER, *Treasurer.*
May 27, 1943.

DU PONT E. I. DU PONT DE NEMOURS & COMPANY

WILMINGTON, DELAWARE: *May 17, 1943*

The Board of Directors has declared this day a dividend of $1.12½ a share on the outstanding Preferred Stock, payable July 24, 1943, to stockholders of record at the close of business on July 9, 1943; also $1.00 a share, as the second "interim" dividend for 1943, on the outstanding Common Stock, payable June 14, 1943, to stockholders of record at the close of business on May 24, 1943.

W. F. RASKOB, *Secretary*

THE ELECTRIC STORAGE BATTERY CO.

Exide BATTERIES

The Directors have declared from the Accumulated Surplus of the Company a dividend of Fifty Cents ($.50) per share on the Common Stock, payable June 30, 1943, to stockholders of record at the close of business on June 9, 1943. Checks will be mailed.

H. C. ALLAN, *Secretary and Treasurer.*
Philadelphia, May 21, 1943.

IRVING TRUST COMPANY

May 27, 1943

The Board of Directors has this day declared a quarterly dividend of fifteen cents per share on the capital stock of this Company, par $10., payable July 1, 1943, to stockholders of record at the close of business June 8, 1943.

STEPHEN G. KENT
Secretary

JERSEY CENTRAL POWER & LIGHT CO.

PREFERRED STOCK DIVIDENDS

The Board of Directors has declared the following regular quarterly dividends: The 73rd qtly. div. of $1.75 on the 7% Preferred Stock; the 64th qtly. div. of $1.50 on the 6% Preferred Stock; and the 48th qtly. div. of $1.37½ on the 5½% Preferred Stock. Payable on July 1, 1943, to stockholders of record at the close of business June 10th.

R. R. BOLLINGER, *Treasurer.*

NATIONAL DAIRY PRODUCTS CORPORATION

A dividend of 20¢ per share on the Common stock has been declared, payable July 1, 1943, to holders of record June 7, 1943.

GEORGE H. RUTHERFORD
May 27, 1943 *Treasurer*

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

New York, May 26, 1943.

The Board of Directors on May 24, 1943, declared a dividend of Two Dollars and Fifty Cents ($2.50) per share, being Dividend No. 89, on the Preferred Capital Stock of this Company, payable August 2, 1943, out of undivided net profits for the year ending June 30, 1943, to holders of said Preferred Capital Stock registered on the books of the Company at close of business June 25, 1943.

Dividend checks will be mailed to holders of Preferred Capital Stock who have filed suitable orders therefor at this office.

D. C. WILSON, Assistant Treasurer,
120 Broadway, New York, N. Y.

GUARANTY TRUST COMPANY OF NEW YORK

New York, June 2, 1943.

The Board of Directors has declared a quarterly dividend of Three Per Cent. on the Capital Stock of this Company, for the quarter ending June 30, 1943, payable on July 1, 1943, to stockholders of record June 9, 1943.

MATTHEW T. MURRAY, JR., Secretary.

UNION CARBIDE AND CARBON CORPORATION

UCC

A cash dividend of Seventy-five cents (75¢) per share on the outstanding capital stock of this Corporation has been declared, payable July 1, 1943, to stockholders of record at the close of business June 4, 1943.

ROBERT W. WHITE, Vice-President

Municipal News & Notes

Holders of the $98,500,000 Revenue Bonds of Triborough Bridge Authority are urged in a circular letter of May 29, 1943 from General Paul Loeser, the General Manager and Secretary, to give prompt consent to a plan submitted by the Authority to its bondholders for meeting its financial situation arising from the effect of war restrictions. The plan is designed to prevent default in the payment of the August 1, 1943 interest on the bonds, which would otherwise occur as a result of the drastic decline in bridge traffic and toll revenues arising from war-time gasoline and rubber restrictions.

The Authority's program, as outlined in the letter, proposes, through modification of some of the limitations in the Revenue Bond Resolution to make funds available to avoid the impending interest default and cover interest and principal requirements during the estimated war emergency period. It involves consent by the holders of two-thirds of the outstanding bonds to six amendments to the Bond Resolution, which was adopted in February, 1940, when the bonds were issued.

The Authority has discussed the emergency program with bondholders, including insurance companies and the New York State Comptroller, owning over $40,,000,000 principal amount of the bonds, and with Dillon, Read & Co., manager of the original underwriting group, according to General Loeser's letter. These holders informally indicated that the program would receive their assent at the appropriate time.

The amendments contemplate a program for the war emergency, under which the Authority would be empowered to advance operating funds and operating reserve funds for debt service, to withhold from the debt service Trustee an additional $500,000 annually out of revenues which, with short-term loans secured thereby, may be used for debt service and restoration of the advances from operating funds, and also to defer minimum sinking fund payments during the emergency to the extent deemed necessary by the Authority.

Any surpluses over the requirements for the plan are to be accumulated up to but not exceeding $5,000,000 instead of being used for the mandatory sinking fund payments, but when the accumulations exceed $5,000,000, the excess must be applied to sinking fund payments. When the Authority is satisfied that it is safe to do so, it can use the accumulations for the sinking fund even though they are less than $5,000,000. The whole program is limited to a war emergency period ending Dec. 14, 1953, but this period can be terminated earlier by the Authority at its option or by the holders of 51 per cent of the bonds.

"If the amendments are approved promptly," General Loeser's letter asserts, "default on interest payable in 1943 will not occur." It also states that if the Authority's estimates of traffic volume in future years are realized, subsequent defaults on interest and serial maturities will likewise be avoided.

The end of the war by 1947 and the restoration of traffic to the 1941 level by 1948 are premises upon which the traffic estimates are based.

In a covering letter to bondholders, Robert Moses, Chairman, and George V. McLaughlin and Roderick Stephens, the other members of the Authority, recommend that bondholders consent to the amendments, asserting "We adopted this plan believing that under it, interest payments and serial maturities will be met; minimum sinking fund payments temporarily deferred will ultimately be made; maximum reserve funds originally contemplated in the Bond Resolution will be provided for and short-term borrowings necessary to provide funds to carry out the plan will be fully repaid and all operating and operating reserve funds now held by the Authority will be restored, all within the eleven year war emergency period. The estimates upon which the plan is based are the best we can get. No one, however, can be dogmatic about predictions which involve war, federal regulation of production and transportation and other factors subject to fluctuations and changes." Total revenues from all five bridges operated by the Authority amounted to $4,554,365 in 1942 as against $6,846,506 for 1941. As evidence of the situation confronting bondholders as the result of war-time restrictions on the use of gasoline and rubber, General Loeser's letter indicates that total traffic for all five bridges operated by the Authority for the year 1941 amounted to 39,114,832 vehicles, producing total revenues of $6,846,506, whereas in 1942 only 24,943,386 vehicles, yielding total revenue of $4,554,365 used the bridges, although gasoline restrictions were in effect during only a part of 1942.

The Authority, according to the letter, has accumulated $418,000 in its operating reserve funds as of Jan. 1, 1943. In addition, it has a balance in its additional operating fund for the Bronx-Whitestone Bridge amounting to $797,000, which cannot be used for its original purpose because of war-time restrictions on critical materials. Such funds, aggregating $1,215,000, can be temporarily spared for debt service, although the entire amount will eventually be needed for operating expenses. However, unless the Bond Resolution is amended as proposed, none of this money can be used for the debt service.

Names of holders of slightly less than 50 per cent of the revenue bonds are known. The Authority is accordingly taking all possible steps to bring the situation promptly to the attention of other holders, in order that default of interest on Aug. 1 may be prevented through consent, as required, by holders of at least two-thirds of the bonds.

Los Angeles, Calif., Plans Large Refunding Operation

Los Angeles municipal officials, accompanied by representatives of Pacific Coast bond houses, arrived recently in New York City and are now engaged in conversations with New York investment bankers and the city's bond counsel, Thomson, Wood & Hoffman of New York, for the purpose of formulating a program for the refunding of outstanding bonds of the city's Department of Water and Power which are now callable or will be subject to call within the next few months.

There are approximately $40,000,000 of bonds in that category, although it is believed that the proposed operation will be limited to some $20,000,000 of series B term 3s of 1940 which mature in 1976 and are subject to prior redemption on Oct. 1, 1943, at a price of 104. These bonds are expected to be replaced by serial obligations by way of a public offering of the latter sometime this month.

Previous large bond issues undertaken on behalf of the municipality's Water and Power Department were underwritten by syndicates managed by Harriman Ripley & Co., Inc. and Lehman Bros. These two houses were joint managers of the group which marketed an issue of $42,592,000 electric plant refunding revenue bonds, due up to 1976, in Oct. 1940, and two later electric plant refunding offerings were handled by syndicates headed by Lehman Bros.

Delay In Correcting Montreal, Que., Default Criticized

Failure of the City of Montreal to work out a solution to its default status, which has continued for several years, has long been a source of irritation to its creditors in this country. Extent of their impatience appears to have been forcefully illustrated in a recent letter reported to have been written by J. D. Taylor, Treasurer of the Phoenix Insurance Co., Hartford, and directed to the attention of the Montreal executive committee.

Mr. Taylor's letter, as quoted in the press, lauded the patriotic considerations which prompted the city to subscribe $5,000,000 to the Dominion Government's fourth victory loan, but at the same time he inquired if it has been suggested to the city officials that the funds could have been applied still more appropriately to payment of some of the city's delinquent bonds. He is also said to have observed that his company owns Montreal bonds which have been in default over two years, and went on to say that it would be a "pleasure, indeed," for the company to put the money in the Dominion's victory bonds "if the City of Montreal would only pay us off."

The insurance company official presumably was voicing the sentiments of all of the city's creditors at, as he put it, "the disgraceful slowness with which the city sees fit to adjust its financial affairs." While the city has continued to pay the contractual rate of interest on the defaulted bond principal, which amounts to approximately $33,000,000, it is a fact that it has been woefully negligent in arranging for the general debt refinancing which appears to be necessary in order to rehabilitate its credit and place its obligations on a sound basis.

Mr. Taylor's inquiry whether "other holders of your city's obligations are not becoming increasingly impatient" with Montreal's delay in adjusting its financial affairs would appear to be very self-evident.

In connection with the subject, a dispatch from Montreal to the New York "Herald Tribune" of May 27 reported as follows: "A refinancing scheme for the City of Montreal will be submitted by a New York investment house, Councillor Georges Guevremont, member of the City Executive Committee, announced today. Mr Guevremont had been permitted a delay in order to obtain notification that United States financial interests would submit a plan within thirty days, and he said he had been successful in obtaining written notification of an agreement with a New York house to that effect.

"Not one but several plans will be submitted before the delay expires," Mr. Guevremont said.

"While details of the plans and the name of the New York investment house are not yet available, the executive member said that the New York group will offer the city a plan to float all its bond holdings at a general average rate of interest lower than 3½% while not insisting upon a budget control bureau."

W. E. Clegg In Cleveland

(Special to The Financial Chronicle)

CLEVELAND. OHIO.—William E. Clegg has opened offices in the Central National Bank Building to engage in a general securities business. Mr. Clegg was formerly a partner in Hurd, Clegg & Co., of Champaign, Ill.

NY Analysts Elect; To Hear O'Brien Of SEC

At the annual meeting and election held by the New York Society of Security Analysts, Inc., the following officers were elected for the coming year:

President: Lucien Hooper, W. E. Hutton & Co.

Vice-President: Pierre Bretey, Goodbody & Co.

Treasurer: Lancaster Greene, Lancaster & Norvin Greene, Inc.

Secretary: Oscar Miller.

Executive Committee: Schroeder Boulton, Baker, Weeks & Harden; Seth Seelye, and Wiliam Loss.

On June 16 at the Association's luncheon meeting at 56 Broad Street, Robert H. O'Brien, Commissioner of the Securities and Exchange Commission, will speak on "The S. E. C. and Holding Company Integration." A question and answer period will follow Mr. O'Brien's talk. Also present will be Milton Cohen, head of the Utility Division of the SEC.

At the regular luncheon meeting scheduled for June 4, R. E. Connolly, Secretary-Treasurer of the company ,will discuss the Illinois Central Railroad.

On June 7, George P. Montgomery, Vice-President of Seamen's Bank for Savings, will speak on investment problems of savings banks.

Dr. Edw. Von Saher, Chairman of The Netherlands Circle, will address the meeting on June 11 on Netherlands in Europe and in the East Indies from the standpoint of investments.

IBA Governors Meet In New York June 6-8

The regular spring meeting of the Board of Governors of the Investment Bankers Association of America will be held in New York, June 6, 7 and 8 with war financing of the Government and postwar financing of industry the principal subjects to be taken up. The Association in its announcement also says:

"Much of the program will be devoted to a discussion of war bond drives with Treasury officials and men who served in administration capacities in the December and April drives participating.

"A number of national committees that are working on postwar problems in various fields of private finance are scheduled to make preliminary reports outlining studies they are now projecting. These will deal with investment banking's part in the postwar period and the means by which it can carry out its responsibilities in such fields as industrial, municipal, public utility, and railroad financing.

"All national committees of the association are scheduled to hold meetings in conjunction with that of the Board of Governors. An attendance of between 150 and 200 is expected, in consequence."

It is also announced that as in the case of the Association's annual meeting last Fall, the Spring meeting is being held in New York to minimize travel. A substantial majority of the Association's members are located in the large financial centers of the eastern seaboard and those coming from other sections of the country will be urged to combine the trip with one of their regular periodic business visits to the east.

Situation Of Interest

The current situation in Cincinnati and Lake Erie Transportation offers attractive possibilities according to an interesting circular prepared by Lilley & Co., Packard Building, Philadelphia, Pa., members of the Philadelphia Stock Exchange. Copies of this circular may be obtained from Lilley & Co. upon request.

Food Subsidies Called Inflationary

Senator Byrd in a statement on May 29 said that the Administration program to pay "wholesale subsidies" to farm producers, farm processors and food handlers in an effort to check inflationary trends is "strong medicine," which is inflationary in itself, a special dispatch from Washington on May 29 to the New York "Times" said, and went on to say:

The effort, he added, might cost the country even more than the $5,000,000,000 annually which he said was estimated as the price by Leon Henderson, former Federal Price Administrator.

Even at such a cost, he continued, "it will be ineffective unless linked with a strong anti-inflationary policy in the control of wages," adding that with such a policy "these subsidies are not necessary."

Senator Byrd also attacked the practicability of the subsidy program in the immediate results hoped for by its sponsors and said that it would set up demands for subsidies which would last long after the present emergency ended.

These demands, he added, would add "billions of dollars to the public debt of future generations to pay at a time when we cannot hope for the prosperity we now have."

Wright In Armed Forces

Chapin N. Wright, Vice-President of Fred E. Busbey & Co., 10 South La Salle Street, Chicago, Ill., with which he has been associated for the past six years, is leaving to join the armed forces.

Hansons Acquitted

Arnold R. Hanson and Sven W. Hanson, partners in Hanson & Hanson, 25 Broadway, New York City, were acquitted in United States District Court on an indictment charging mail fraud and violation of the Securities and Exchange Act. John W. Hession was convicted on similar charges, and will be sentenced on June 4; he faces possible imprisonment of five years and a fine of $10,000 on each of the 29 counts of the indictment.

Action was brought in connection with the charge that Hession had manipulated the price of bonds of the Wisconsin Central Railway Company's Superior & Duluth Division, which rose on the New York Stock Exchange from 13 in January, 1942 to 36 in July, and subsequently dropped to 12.

Joins R. W. Pressprich Co.

Miss Louise Watson, who formerly conducted an investment management business under her own name, has become associated with the New York Stock Exchange firm of R. W. Pressprich & Co., 68 William Street, New York City, as investment supervisor.

Buys Associates' Interests

SHEBOYGAN, WIS.—Homer C. Denison announces that he has purchased the interests of his associates in the H. C. Denison Company and dissolved the corporation effective May 29, 1943. He will continue the firm's business as an individual dealer from offices in the Security Bank Building.

To Continue As Individual

(Special to The Financial Chronicle)

BOSTON, MASS.—Charles A. Collins, member of the Boston Stock Exchange, and a partner in the recently dissolved firm of Collins, Breed & Co., is continuing as an individual from offices at 82 Devonshire Street.

Calendar of New Security Flotations

OFFERINGS

AMERICAN CASUALTY CO. OF READING, PA.

American Casualty Co. of Reading, Pa., has filed a registration statement for 50,000 shares of capital stock, par value $5 per share.

Address—607 Washington St., Reading, Pennsylvania.

Business—Conducts general casualty insurance business.

Underwriting—In the event that all of the stock is not subscribed for by stockholders, the company may endeavor to make an offering to the general public through underwriters.

Proceeds—Proceeds are to be used to increase the capital and surplus of the company to enable it to retain a larger portion of its standard limit business without resorting to reinsurance. Net proceeds will be used for the purchase of securities which are qualified as legal investment for insurance companies organized under the laws of the Commonwealth of Pennsylvania.

Registration Statement No. 2-5114. Form S-1 (3-26-43).

Registration effective 5:30 p. m. EWT on April 10, 1943.

Offering—The shares of common stock were offered at $10 per share by the company to its stockholders of record April 15, 1943, in the ratio of one new share for each three shares held on record date. The right to subscribe on the part of the stockholders expired May 15, 1943.

YORK CORRUGATING CO.

York Corrugating Co. has filed a statement with the SEC for 50,000 shares of common stock, $1 par value. The stock is presently issued and outstanding and does not represent new financing.

Address—Adams Street and Western Maryland Railroad, York, Pa.

Business—Normal manufacturing facilities are primarily designed for pressed, drawn and stamped metal products. About 95% of the company's manufacturing facilities are now devoted to war production.

Underwriting—Floyd D. Cerf Co., Chicago, is named principal underwriter.

Offering—Offering price to the public is $6.50 per share. Selling stockholders are Western National Bank of York, Pa., as trustee under the Benjamin S. Taylor Trust 28,013 shares, and Dr. Charles P. Rice, York, Pa., 30,750 shares.

Proceeds—To selling stockholders.

Registration Statement No. 2-5118. Form S-2 (3-30-43).

Registration effective 12 Noon (EWT) on May 1, 1943, as of 5:30 p.m. (EWT) May 18, 1943.

Offered by Floyd D. Cerf Co., Chicago, May 1, 1943, at $6.50 per share.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930(b).

Offerings will rarely be made before the day following.

SUNDAY, JUNE 6

PRESIDENT APARTMENTS CORP.

President Apartments Corp. has registered with the SEC $336,333 of first mortgage 4½% real estate bonds and warrants due July 1, 1955, and certificates of deposit representing $336,333 of first mortgage 5% real estate bonds and warrants due July 1, 1943.

Address — 1630 Boatmen's Bank Building, St. Louis, Mo.

Business—Apartment building.

Purpose—It is proposed to issue certificates of deposit to the holders of the first mortgage 5% real estate bonds and warrants due July 1, 1943, and, upon the consummation of the plan of extension and revision of the bond issue, to issue in lieu and instead of such certificates of deposit said first mortgage 4½% real estate bonds and warrants due July 1, 1955, which will be created and issued by the execution and delivery of an extension and revision agreement, the stamping of said first mortgage 5% real estate bonds and warrants due July 1, 1943, with an appropriate legend, and affixing of new coupon sheets.

Registration Statement No. 2-5140. Form S-1 (5-18-43).

MONDAY, JUNE 7

INTERSTATE BAKERIES CORPORATION

Interstate Bakeries Corporation has filed a registration statement for $2,500,000 first (closed) mortgage 5% refunding bonds due June 1, 1958.

Address—406 W. 34th St., Kansas City, Mo.

Business—Engaged in the manufacture and wholesale distribution of bread, cake and other bakery products.

Offering—Price to public to be supplied by amendment.

Underwriting — The underwriters and amounts underwritten are: H. M. Byllesby & Co., Inc., Chicago, $1,100,000; A. C. Allyn & Co., Inc., Chicago, $500,000; Central Republic Co., Inc., Chicago, $500,000; Farwell, Chapman & Co., Chicago, $200,000, and Stern Brothers & Co., Kansas City, Mo., $200,000.

Proceeds—Of the proceeds approximately $2,067,000 will be used for the redemption on Sept. 1, 1943, at 105% and accrued interest, of all of the outstanding first mortgage 6% sinking fund gold bonds, due Sept. 1, 1945, issued by Schulze Baking Co. and subsequently assumed by Interstate; $151,875 to the prepayment of the real estate 5% note, payable Sept. 7, 1945, originally issued by Western Bakeries Corp., Ltd., and subsequently assumed by Interstate, and as an addition to working capital.

Registration Statement No. 2-5141. Form S-1 (5-19-43).

DURIRON COMPANY, INC.

Duriron Company, Inc., has filed a registration statement for 70,000 shares of common stock, par value $5 per share. Of the total registered 57,700 are now issued and outstanding and owned by the Chase National Bank of New York. The remaining 12,300 shares are authorized for issue.

Address—450 North Findlay St., Dayton, O.

Business—Produces equipment and castings used in manufacturing, conveying, controlling and otherwise handling corrosive liquids and gases.

Offering—Price to public will be supplied by amendment.

Underwriters — Lee Higginson Corporation, New York, heads the underwriters. Names of others will be supplied by amendment.

Proceeds—Net proceeds from sale of 12,300 shares by the company will be added to its general funds. Net proceeds from 57,700 shares will go to the selling stockholder.

Registration Statement No. 2-5141. Form S-2 (5-19-43).

TUESDAY, JUNE 8

GULF OIL CORPORATION

Gulf Oil Corporation has registered 764,500 shares of capital stock, par $25 per share. All of the shares registered are presently issued and outstanding and none of the proceeds from the sale thereof will be received by Gulf Oil Corporation.

Address—Gulf Building, Pittsburgh, Pa.

Business—Is engaged principally in the production, purchase, transportation, refining and sale of crude petroleum and products derived therefrom, or in businesses related thereto, in the United States and in foreign countries. The corporation and certain of its subsidiaries are actively engaged in exploratory and development work in connection with the acquisition of oil for future requirements.

Underwriting—The shares registered are outstanding shares owned by certain persons and trusts who desire to sell such shares. There is at present no firm commitment to take such shares from the owners thereof. Mellon Securities Corporation owns 546,400 of the shares registered.

Offering—The price at which the shares may be offered to the public, the underwriting discounts or commissions, and the proceeds to the owners thereof have not been determined. The selling stockholders intend not to enter into any agreements for the sale of such shares prior to the effective date of the registration statement. They intend, however, to enter into agreements of such character within a few days after effective date, and to furnish to the corporation the terms of such agreements, the names of the underwriters, the price at which the shares will be offered to the public, etc.

Proceeds—Will go to the selling stockholders.

Registration Statement No. 2-5143. Form A-2 (5-20-43).

WEDNESDAY, JUNE 9

SIXTY SEVEN HOLDING COMPANY

Sixty Seven Holding Company has registered 3,412 shares of preferred stock, $100 par value, to be authorized.

Address — Bankers Securities Building, Philadelphia, Pa.

Business — Owns and operates a ten-story brick and stone apartment house located at 67 South Munn Avenue, East Orange, N. J.

Offering — The perferred stock being registered is to be offered otherwise than for cash. It is to be distributed to holders of the unsubordinated bonds presently secured by the first mortgage on the property of the registrant at 67 South Munn Avenue, East Orange, N. J., at the rate of four shares of $100 value each, in addition to $600 in cash, in consideration for the surrender for cancellation of each $1,000 face value of such bonds.

Registration Statement No. 2-5144. Form S-1 (5-21-43).

SUNDAY, JUNE 13

SECURITY INSURANCEE COMPANY OF NEW HAVEN

Security Insurance Company of New Haven has filed a registration statement for 50,000 shares of capital stock, par value $10 per share, and subscription warrants evidencing rights to subscribe to the stock.

Address—175 Whitney Ave., New Haven, Conn.

Business—Company is a fire and marine insurance company.

Offering — Company proposed to offer the new stock to present stockholders at a price to be named by amendment one share of new stock for each four shares held on the record date. The record date will be supplied by amendment. Provision has been made for the offering of any unsubscribed shares of capital stock by certain underwriters.

Underwriting—The names of the underwriters and the amounts of stock to be purchased by each will be supplied by amendment.

Proceeds — Net proceeds from the sale will be added to, and used as a part of, the company's general funds. Of such proceeds, an amount equal to the total par value of shares sold will be credited to capital stock account and the balance will be credited to surplus.

Registration Statement No. 2-5145. Form S-1 (5-25-43).

TUESDAY, JUNE 15

BEATRICE CREAMERY COMPANY

Beatrice Creamery Company has filed a registration statement covering 91,317 shares of $4.25 cumulative preferred stock, without par value.

Address—1526 South State St., Chicago. Company expects to move its executive office to 120 South La Salle St., Chicago, on or about July 1.

Business—Company and its subsidiaries are engaged principally in the manufacture and sale of butter, ice cream, condensed milk, buttermilk, dried milk and cheese, the distribution of milk, eggs, frozen foods, oleomargarine, operation of cold storage plants, and in practically every branch of the dairy business.

Offering — The $4.25 cumulative preferred is offered for exchange by the company to the holders of its outstanding $5 cumulative preferred stock on a share for share basis. Holders of $5 cumulative preferred accepting the offer of exchange will receive the quarterly dividend, payable July 1, 1943, with respect to their shares of stock.

Underwriting—The shares of $4.25 cumulative preferred not exchanged have been underwritten. The underwriters are: Glore, Forgan & Co., Chicago; Hayden, Stone & Co., New York; W. E. Hutton & Co., New York; Mellon Securities Corp., Pittsburgh; First Trust Co. of Lincoln, Lincoln, Neb.; Central Republic Co., Inc., Chicago; Kebbon, McCormick & Co., Chicago; Lee Higginson Corp., Chicago; Wisconsin Company, Milwaukee; Bacon, Whipple & Co., Chicago; Blair, Bonner & Co., Chicago; Farwell, Chapman & Co., Chicago; G. H. Walker & Co., St. Louis; Boetticher & Co., Denver; Bosworth, Chanute, Loughbridge & Co., Denver; Maynard H. Murch & Co., Cleveland; Kirkpatrick-Pettis Co., Omaha, and Burns, Potter & Co., Omaha. Offering price to the public will be supplied by amendment.

Proceeds — Proceeds from sale of any stock to underwriters, with other funds of the company, will be used to effect the redemption on Oct. 1, 1943, of all of the then outstanding $5 cumulative preferred stock at $102.50 per share plus accrued dividends.

Registration Statement No. 2-5146. Form A-2 (5-27-43).

WEDNESDAY, JUNE 16

ALL AMERICAN AVIATION, INC.

All American Aviation, Inc., has filed a registration statement for 26,218 shares of convertible non-cumulative preferred stock, par $25 per share, and an indeterminate number of shares of common stock, par $1 per share, to be reserved for issuance upon the conversion of convertible non-cumulative preferred stock into common stock.

Address—200 West Ninth St., Wilmington, Del.

Business—Present business is conducted by its two major divisions, Air Transport Division and the Manufacturing Division.

Underwriting—If any offering is made through underwriters their names will be supplied by amendment.

Offering — The preferred stock will be initially offered by the company for sale at $25 a share to holders of ten or more shares of company's common stock on the basis of one share of preferred stock for each full ten shares of common. The period within which holders of common stock may exercise their rights to subscribe to shares of preferred stock will expire ten days after the initial date of offering. Thereafter any remaining shares of preferred stock will be offered to the general public at $25 a share, or the company may offer any remaining shares to underwriters for sale to the public at $25 a share.

Proceeds — Will be applied to finance the company's operations under its contracts with the U. S. Government and to discharge certain of its outstanding obligations.

Registration Statement No. 2-5147. Form S-2. (5-28-43).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

ARMOUR & CO. OF DELAWARE

Armour & Co. of Delaware has filed a registration statement for $35,000,000 35-year 7% cumulative income debentures, due April 1, 1978.

Address—43rd Street and Racine Ave., Union Stock Yards, Chicago, Ill.

Business—Engaged in meat packing business, operating packing plants in North and South America for the slaughter of livestock and the processing of meats and animal products and for by-products. In conjunction with their meat packing operations, company and subsidiaries manufacture butter and cheese and various other products.

Underwriting—Kuhn, Loeb & Co., New York, head the underwriting group. Others to be supplied by amendment.

Offering—Company offers to the holders of its outstanding 523,581 shares of 7% guaranteed cumulative preferred stock of the par value of $100 per share, the right to exchange such shares for the debentures on the basis of $100 face amount of debentures for each share of preferred stock held, subject, if the total number of shares of preferred stock deposited for exchange would require more than the entire issue of debentures, to allotment of the debentures by the company. The debentures not taken upon the exchange offer have been underwritten and will be offered to the public at a price to be fixed by amendment.

The exchange offer will expire at 3 p.m. June 3, 1943, local War Time, in the city of the depositary. Depositaries are Chase National Bank, New York; Continental Illinois National Bank & Trust Co., Chicago, and Bank of America N. T. & S. A., San Francisco.

Proceeds—Company intends to apply the net proceeds of the debentures not taken in exchange pursuant to the exchange offer, with any other funds in the treasury which may be necessary, to the redemption of a par amount of 7% guaranteed cumulative preferred stock of the company which, with the shares acquired pursuant to the exchange offer, will retire $35,000,000 par amount of such preferred stock.

Registration Statement No. 2-5134. Form A-2 (4-29-43).

Armour & Co. of Delaware filed an amendment to its registration statement on its proposed issue of $35,000,000 7% cumulative income debentures due April 1, 1978, which lists a nation-wide group of 90 underwriters. The company offers to the holders of its 523,581 outstanding shares of 7% guaranteed cumulative preferred stock of the par value of $100 per share the right to exchange such shares for debentures on the basis of $100 face amount of debentures for each share of preferred stock held, subject to allotment if required. The offer to stockholders will expire at 3 p.m., June 3, 1943.

The debentures not taken upon the exchange offer have been underwritten, with the names of underwriters and amounts subscribed listed as follows: Kuhn, Loeb & Co., N. Y., $2,500,000; First Boston Corp., N. Y., $1,500,000; A. C. Allyn & Co., Inc., Chicago, $500,000; Bacon, Whipple & Co., Chicago, $250,000; Baker, Watts & Co., $150,000; Ball, Coons & Co., Cleveland, $100,000; A. G. Becker & Co., Inc., N. Y., $600,000; Blair, Bonner & Co., Chicago, $200,000; Blyth & Co., Inc., N. Y., $1,000,000; Alex. Brown & Sons, Baltimore, $350,000; H. M. Byllesby & Co., Inc., Chicago, $200,000; Central Republic Co., Inc., $350,000; E. W. Clark & Co., $250,000; Coffin & Burr, Inc., Boston, $300,000; Curtiss, House & Co., Cleveland, $150,000; Dempsey-Detmer & Co., Chicago, $100,000; Dick & Merle-Smith, N. Y., $200,000; Dominick & Dominick, N. Y., $500,000; Drexel & Co., Philadelphia, $600,000; Eastman, Dillon & Co., N. Y., $500,000; Emanuel & Co., N. Y., $200,000; Equitable Securities Corp., N. Y., $200,000; Estabrook & Co., Boston, $300,000; Fahey, Clark & Co., Cleveland, $100,000; Farwell, Chapman & Co., Chicago, $200,000; Ferris & Hardgrove, Seattle, $100,000; Field, Richards & Co., Cleveland, $150,000; First Cleveland Corp., Cleveland, $150,000; First of Michigan Corp., Detroit, $200,000; Glore, Forgan & Co., N. Y., $750,000; Glover & MacGregor, Inc., Pittsburgh, $100,000; Goldman, Sachs & Co., N. Y., $1,000,000; Graham, Parsons & Co., Philadelphia, $200,000; Grubbs, Scott & Co., Pittsburgh, $100,000; Hallgarten & Co., N. Y., $500,000; Harriman Ripley & Co., Inc., N. Y., $1,200,000; Harris, Hall & Co., Inc., Chicago, $350,000; Hawley, Shepard & Co., Cleveland, $200,000; Hayden, Miller & Co., Cleveland, $250,000; Hayden, Stone & Co., N. Y., $500,000; Hemphill, Noyes & Co., N. Y., $500,000; Hill & Co., Cincinnati, $100,000; J. J. B. Hilliard & Son, Louisville, $150,000; Hornblower & Weeks, N. Y., $500,000; W. E. Hutton & Co., N. Y., $500,000; Illinois Company of Chicago, Chicago, $300,000; Kebbon, McCormick & Co., Chicago, $250,000; Kidder, Peabody & Co., N. Y., $750,000; Ladenburg, Thalmann & Co., N. Y., $750,000; W. C. Langley & Co., N. Y., $300,000; Lazard Freres & Co., N. Y., $750,000; Lee Higginson Corp., N. Y., $1,000,000; Lehman Brothers, N. Y., $1,000,000; Carl M. Loeb, Rhoades & Co., N. Y., $300,000; Mackubin, Legg & Co., Baltimore, $100,000; Laurence M. Marks & Co., Baltimore, $200,000; McDonald-Coolidge & Co., Cleveland, $250,000; Merrill, Turben & Co., Cleveland, $200,000; Milwaukee Company, Milwaukee, $250,000; Moore, Leonard & Lynch, Pittsburgh, $150,000; F. S. Moseley & Co., Boston, $500,000; Mullaney, Ross & Co., Chicago, $100,000; Maynard H. Murch & Co., Cleveland, $150,000; Newhard, Cook & Co., St. Louis, $150,000; Ohio Company, Columbus, $100,000; Paine, Webber, Jackson & Curtis, N. Y., $500,000; Arthur Perry & Co., Inc., Boston, $150,000; Putnam & Co., Hartford, $150,000; Reinholdt & Gardner, St. Louis, $150,000; E. H. Rollins & Sons, Inc., N. Y., $500,000; L. F. Rothschild & Co., N. Y., $200,000; Schoellkopf, Hutton & Pomeroy, Inc., $200,000; Schwabacher & Co., San Francisco, $250,000; Singer, Deane & Scribner, Pittsburgh, $150,000; Smith, Barney & Co., N. Y., $1,000,000; Starkweather & Co., N. Y., $150,000; Stein Bros. & Boyce, Baltimore, $250,000; Stern Brothers & Co., Kansas City, $150,000; Stifel, Nicolaus & Co., Inc., St. Louis, $200,000; Stix & Co., St. Louis, $100,000; Stone & Webster and Blodget, Inc., N. Y., $750,000; Stroud & Co., Inc., Philadelphia, $250,000; Swiss American Corp., N. Y., $250,000; Union Securities Corp., N. Y., $750,000; G. H. Walker & Co., St. Louis, $250,000; Wertheim & Co., N. Y., $300,000; White, Weld & Co., N. Y., $750,000; Whiting, Weeks & Stubbs, Inc., Boston, $250,000; Wisconsin Company, Milwaukee, $500,000; and Dean Witter & Co., San Francisco, $500,000.

Registration effective 5 p.m. (EWT) on May 18, 1943.

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed May 28, 1943, to defer effective date.

IOWA POWER & LIGHT CO.

Iowa Power & Light Co. has filed a registration statement for $17,000,000 first mortgage bonds, 3¼% series due June 1, 1973.

Address—312 Sixth Avenue, Des Moines, Iowa.

Business—Is a public utility engaged in the business of furnishing electric service in Polk County, outside the City of Des Moines and environs, and in 12 contiguous counties in Central Iowa, and furnishing gas service in the City of Des Moines and environs, and in two municipalities in adjoining counties.

Underwriting—Bonds are to be offered for sale at competitive bidding under the rules of the Commission. Names of the underwriters will be supplied by post effective amendment.

Offering—Price to the public will be supplied by amendment.

Proceeds—Bonds are to be issued as part of a series of interdependent transactions which include the acquisition by Continental Gas & Electric Co. of Iowa Power & Light Co. and Des Moines Electric Light Co. from Illinois Iowa Power Co. Proceeds from the sale of the bonds, together with a portion of funds to be received from bank loans aggregating $2,500,000, will be used to redeem on Sept. 1, 1943, a total of $11,232,000 face amount of the company's first mortgage bonds; to redeem on Oct. 1, 1943, 10,133 shares par $100 of the company's 7% cumulative preferred stock; to the purchase from Illinois Iowa Power Co. of $1,750,000 face amount of general refunding mortgage bonds, Series A, due 1955, and $3,000,000 of open account indebtedness of Des Moines Electric Light Co., $4,750,000; to partial payment for Iowa properties of Iowa-Nebraska Light & Power Co., $1,000,000 and for other corporate purposes.

Registration Statement No. 2-5138. Form S-1. (5-12-43).

UNITED GAS CORPORATION

United Gas Corp. registered **$75,000,000 first mortgage and collateral trust 3¼% bonds due 1958**

Address—2 Rector Street, New York City

Business—Production and sale of natural **gas; part of Electric Bond and Share System**

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem **$28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock**

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the best possible price."

Amendment filed May 29, 1943, to defer effective date.

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Book Review

Looking Ahead Fifty Years

By Roger W. Babson, Harper & Brothers, New York and London. pp. 244. $2

Here is a typical Babsonian product. Typical in that the author takes the universe for his field; typical in that there is no shying away from bald prediction; and typical in that an escape (at least so far as the individual is concerned) is found from practically every hazard by appropriate action in the securities markets.

Many will doubtless find the most satisfying passage in the first half of a one page preface. Here it is:

"The United States is between two conflicting trends. These alternatives are as follows:

"(1) If free enterprise is given a fair opportunity and the United States enjoys a sane government, then an era of great prosperity awaits us after World War II.

"(2) If State socialism is given the reins and the United States increases its spending orgy with greater political benefits to labor, the farmers and other groups irrespective of the work performed, then chaos awaits us."

A less intrepid man might leave the matter there. But not Mr. Babson. "As a practical matter," he quickly adds, "I am accepting neither of these assumptions. Rather, I assume that political and inflationary tendencies will continue for a certain number of years. Then will follow a business depression which will be followed by an **awakening.** This latter will result in wiping out much of the foolishness of the present era and in giving the nation a fresh start.

"As to business, looking ahead a few years I am moderately bullish; looking ahead a longer period I am bearish; but considering fifty years I am a great optimist. My grandchildren will live through three great eras."

The author is convinced that a "deluge" will come "sometime during the lives of most readers of this book. By "deluge" he means a business depression of an order of magnitude and intensity different from any heretofore known. "Yet," says the author, "I am an optimist for two reasons: (1) The deluge will wipe away much of the foolishness which has developed since 1932. (2) It will lay the foundations for bringing about some necessary constructive changes." He does not attempt to predict when this deluge will strike us. He is certain that it will not come during the war, or during any **"temporary** slump" which may follow cessation of hostilities. If a boom follows such a temporary slump the deluge will be further postponed.

"Following World War II, there will be some slackening in airplane production," the author says. "The next group to be hit will be the civil employees who have been taken on by the government since 1936. . . . After World War II, the railroads are destined to lose most of the first class mail business and much of the express business. Wise are investors who dispose of their railroad securities before that time comes. . . . I am not so bearish on bituminous coal as many people. . . . Small scale farming, as a mode of living, is ideal; but since 1898 it has not been a money-making venture and perhaps never again will be. . . . Banking is a necessary industry and will always continue whatever political or social theory is in control of the nation. . . . What has happened in other countries, however, indicates that the United States Government may take over our banks and that this is likely to occur before the deluge. . . .

"Real estate will be faced with some difficult problems during the future . . . . The properties which have a bright future are those adjoining air terminals. . . . Probably, of all industries, the deluge will hit most severely those that are making their profits on good will, trade labels and other intangible assets."

How is one to protect himself against all this? "The stocks of companies free from debt, in a necessary business and now selling below their fair book value, will suffer much less than stock of companies dependent upon good will, trade marks, patents, etc. Readers should hold securities only of industries which fluctuate the least. . . . One should also strive to have his savings in **growing** industries, rather than in **declining** industries. Above all, one should diversify properly, both between stocks and bonds and in other ways. Bond holdings should be diversified as to maturity with preference given to the shorter maturities. **It is most important to remember that these changes in one's investment portpolio must be made BEFORE the deluge comes—the sooner the better."**

Thus does Mr. Babson get "warmed up" for the more detailed discussion to come in later chapters, whose subject matter ranges from "How Can Investors Look Ahead?" to "Are Jesus' Economics Practical?" It was scarcely necessary to have Mr. Babson's name appear on the book. No one else could have written it.

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Walter Simmons To Manage Larkin Dept.

Walter C. Simmons is becoming associated with S. P. Larkin, member of the New York Stock Exchange, as Manager of the bond department. Mr. Simmons was formerly with Arrowsmith Company, Inc., Robinson, Miller & Co., Inc., and prior thereto conducted his own investment business.

Mr. Larkin will shortly remove his offices to 111 Broadway, New York City, from his present location at 65 Broadway.

Jones & Kuechle Join Nat'l Sec. & Research In New Branch Offices

National Securities & Research Corporation, 120 Broadway, New York City, announces that Ira G. Jones and M. G. H. Kuechle have joined their wholesale staff. Mr. Jones will be New England and New York representative and will be in charge of the office the company just opened at 10 Post Office Square, Boston. Mr. Kuechle will be middle west representative and will be in charge of the newly opened office at 208 So. LaSalle Street, Chicago.

Mr. Kuechle began his career in the banking business in Milwaukee and in 1916 became Branch Manager in Milwaukee for A. C. Allyn & Co. and later for Merrill, Lynch & Co. He later conducted his own firm in Milwaukee for many years, subsequently opening an office in Pittsburgh for G. E. Barrett & Co., covering the district of Pennsylvania, Ohio and West Virginia. He wholesaled Fundamental Investors for E. A. Pierce & Co. and then became identified with Distributors Group, Inc., of which he was Vice-President and director, representing them for more than seven years in the Middle West.

Mr. Jones entered the investment business in 1921 with Rollins & Co., later becoming associated with Kelly, Drayton & Co. and Tobey & Kirk. In 1924 he formed his own firm in Albany. In 1932 he closed his own firm and helped organize the Plymouth Fund. Since that time, he has been engaged principally in wholesaling investment funds with specialized characteristics.

Attractive Situations

The current situation in Peoples Light & Power common and preferred and H. H. Robertson offers interesting possibilities according to circulars being distributed by Buckley Brothers, 1529 Walnut Street, Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of these circulars may be had from the firm upon request.

Industrial Output Seen at Record High But May Not Offset Increased Costs

Industrial output this year will be at an all-time high, but it will not be enough above last year to offset increased corporate costs, according to a business report gathered by personal contact with industry and prepared by Spencer Trask & Co., 25 Broad Street, New York City, members of the New York Stock Exchange.

"This will mean lower earnings and some curtailment of dividends among the top line companies," the survey continues. "Marginal companies may increase dividends due to the piling up of cash and debt reduction of the past three years. The hectic period of constructing and equipping plants for war production is rapidly approaching an end. Even the high octane gas and synthetic rubber plant programs are now well assured. Production of materials for the war effort has been highly successful. Although drastic changes and cancellations are being made in the war program, industry has been and will continue to be able to meet the requirements of the armed forces. Toward the end of the year we expect more merchandise to be available for the civilian economy. In the meantime, a tremendous pent-up demand for merchandise is being created and assures at least two years of high activity after the end of the war."

Key industries included in this broad survey are: steel, automobile, farm implement, construction, aircraft, machine tool, chemical, electrical equipment, nonferrous metal, paper and container, retail, oil, rubber, and railroad equipment.

Copies of the survey may be had from Spencer Trask & Co. upon request.

Southern Bag Looks Good

Common stock of The Southern Advance Bag and Paper Co. offers attractive possibilities, according to a memorandum issued by Boenning & Co., 1606 Walnut Street, Philadelphia, Pa., members of the Philadelphia Stock Exchange. Copies of this interesting memorandum may be had from Boenning & Co. upon request.

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Seaboard Reorganization Analysis Soon Ready

L. H. Rothchild & Co., 120 Broadway, New York City, is preparing an analysis of the significance of Special Master Taylor's Reorganization Plan for the Seaboard Air Line which will be ready shortly after June 16th. Copies of the analysis may be had from the firm upon request.

R. Hoe Co. Attractive

Common stock of R. Hoe & Co., Inc., offers attractive possibilities, according to a circular being distributed by Aigeltinger & Co., 76 William Street, New York, N Y. Copies of this interesting circular may be had from Aigeltinger & Co. upon request.

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The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office
Volume 157 Number 4182
New York, N. Y., Thursday, June 3, 1943
Price 60 Cents a Copy

The Financial Situation

Another crisis, perhaps the most dangerous of them all, in the over-all management, or rather the mis-management, of our war effort has obliged the President to take official notice of a failure long evident to all informed persons. This time he has chosen to superimpose another agency upon the multitude of other organizations which one after the other have failed to establish order or attain effectiveness in day to day operation. This time on paper at least he has yielded to demands long made from many quarters (and long ignored) that he select an individual or create an organization, subject only to his own general direction, to perform those essential functions of policy making and coordination which he himself either would not do, or along with all the other heavy duties which rest upon a Chief Executive under present circumstances could not do—that is to say, in his own words, "lay down unified policies and develop integrated programs," "see that the policies established and programs developed are expedited," "avoid duplication and overlapping, eliminate interdepartmental friction, make decisions with dispatch, and keep both our military machine and our essential civilian economy running in team and at high speed."

Will It Succeed?

The step now taken could conceivably be precisely the one to usher the nation into a period in which for the first time it will demonstrate what it really can do in the prosecution of "total war." Whether it will actually do so remains for the future to disclose. So happy an outcome, or anything nearly approaching it, depends upon many things not now clear. The first of these is the policy of the President himself vis-a-vis the new organization he has just brought into being. The fundamental weakness of the over-all management of our war effort to date has stemmed from the White House, and it has not by any means been solely a matter of an over-burdened Chief Executive.

It Depends Upon The President

The President has appeared unwilling to set a national course which embraced all these subjects and adhere to it, and about equally unwilling to have any one else do so. He has seemed unable to summon full faith in those upon whom he has placed responsibility. He has never seemed able to delineate carefully and effectively either the responsibility

(Continued on page 2082)

World Court, Police Force Essential To Maintain Peace, Says Welles

Under-Secretary of State Sumner Welles said on May 31 that a world court to settle disputes among nations and an international police force to keep the peace must be established at the end of the war if humanity is to be spared a repetition of the conflict.

Speaking at the commencement exercises at Durham, N. C., of the North Carolina College for Negroes, Mr. Welles outlined what he called a set of "cardinal principles" on which to build a world organization, advocating at the same time a gradual evolution of an international organization during the "chaotic" transition period following the end of hostilities. Advices from Durham to the New York "Herald Tribune" reporting this went on to say.

These were the "cardinal principles" laid down by Mr. Welles in an address that closely followed the pattern of the speech he delivered at the Arlington National Cemetery just a year ago:

"There must be, through international agreement, a combination of armed forces made available by the powers which are prepared to do so, which may be used regionally or on a broader scale, and which can, and will, prevent aggression, render international conflict impossible and, in general, see to it that the peace of the world is maintained inviolate;

"An international tribunal to which international controversies can be referred and in which international confidence can be safely placed;

"An efficient international method for the outlawing of certain kinds of armaments and for the inspection of all national armaments.

"The creation of appropriate and practical technical organizations to deal with economic and financial matters and to advise the members of the United Nations thereon, so that autarchic commercial and financial policies will not be pursued by individual powers, and so that the post-war

(Continued on page 2086)

The News Behind The News

By PAUL MALLON

Washington, June 1—The stern and complete secrecy with which Mr. Roosevelt has hooded the International Food Conference has inspired suspicion out in the country that he has some great international plan which he desires to try out and keep quiet for a time.

Paul Mallon

Around here, the commonly accepted inside story, however, is that the conference is relatively unimportant, but that Mr. Roosevelt chose the opportunity to set a precedent against free press coverage of later more important post-war peace conferences.

It is related FDR was greatly pleased with the secrecy of the Casablanca conference (which was strictly a military conference, incidentally) and that he would like to follow through on that line.

There is a better reason than either of the above. The conference is under the management of our Agriculture Department economists, thinkers and planners.

In charge of the technicians for us is Paul Appleby, the Under Secretary of Agriculture, an old pal of Vice-President Wallace in the little-pig-slaughtering days, and a man who started Mr. Wallace on his political career to the Vice-Presidency.

These planners of ours have worked on a most astonishing series of new ideas. Most people would call them fantastic, and even the planners themselves

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Controlled Economy vs. Free Enterprise

Roger W. Babson Says Businessmen, Not Politicians, Should Define Postwar Problems

Military arm-chair strategists are now being superseded by college professors, pseudo economists, organizations, officials and even certain "crack-pots." All of these have their pet ideas for solving our postwar problems. Many of them have some axe to grind. Much that they offer is over my head. After all I am just a country boy living in the woods of Babson Park. Common sense, however, tells me that our most responsible employers and labor leaders should be given the power to provide full postwar employment.

Post-War Control

My readers should make no mistake about one thing. What the politicians, New Dealers and "crack - pots" have now to say about postwar planning will not bear much fruit. The boys who will conceive and put into effect our postwar economy will be our returning service men. "Alright," you say, "these may account for only 10,000,000 votes." But I predict that this group will be the most intelligent and constructive minority group that our country has ever seen.

Roger W. Babson

Outside of the military, there is still little real leadership in our country. I have in mind not only the theorists, dreamers, soreheads labor leaders and politicians, but other people of our national life who depend upon pull, graft, waste or bureaucracy for a livelihood. The title of a recent picture in "Time Magazine" to the effect that "our wounded do not cry," was very significant. Our boys are developing character courage and initiative. They will be our salvation in future years. Upon their return, they will follow the Ten Commandments and the Multiplication Table and stand for no nonsense.

Politics vs. Business

Recently there was held at Babson Park the graduation exercises of the first group of Naval Officers who had completed their course of training for the Navy Supply Corps. The majority of these new officers came from active business. After the War, they want to get back into business. In my humble judgment, they will not like planned economy. They are already looking ahead to the time when they and other men can, without government interference, create conditions favorable to reasonably full employment and to a high standard of living.

In a democracy such as ours, it is important that we be a well, and not a sick, nation. France, Italy and Germany—once vigorous, up-to-date and modern states—gradually became infected with totalitarian bacteria. They literally sickened and now are facing self-destruction. Russia, temporarily, has found a specific for her disease. Certainly she is recognizing and rewarding individual leadership. Politicians, not intelligent industrialists, make sick nations. The politicians of Europe were, in fact, responsible for World War II.

Free Enterprise Essential

Whatever policies are adopted in our post-war era—and it would

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From Washington Ahead Of The News

By CARLISLE BARGERON

The boys in Tunisia, in Guadalcanal and those many other places that they are in, would certainly not be in such a mood by now that they didn't want us home folks to go ahead having a lot of clean fun. It is essential to keeping up the morale on the home front, and as your correspondent understands it from reading the experts, keeping up this morale on the home front is really more important than anything the fighting boys might do. Remember how it was the German home front that collapsed behind the soldiers in 1918?

Well, by way of having this clean fun on the home front and keeping up our morale, Jimmy Byrnes's appointment as the Overall Home Front War Director, the job being created in order that Mr. Roosevelt can give his whole time to outwitting Hitler on the battlefields, is being generally looked upon here as a reward for Jimmy's having prevented inflation. He had a singular success as inflation preventer. There are mighty few men on whom the President could have called who could have prevented it so quickly as he did. One of the ways he prevented it was to make the War Labor Board's authority so rigid that the Board became useless, and its authority subsequently had to be made unrigid. An accomplishment of this kind should be rewarded, and in the meantime the new inflation preventer is Fred Vinson, who as a member of

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The Financial Situation

(Continued from first page)

or the authority of the numerous subordinates appointed to perform various tasks. What has been even worse, if that is possible, has been the practice of giving more heed to the opinions of political adherents upon whom no direct responsibility had been placed than to the determinations of those who had been asked to carry the responsibility. Old and tried "New Dealers" have infested many, if not all, of the emergency war offices, and have rather regularly been able to obtain the ear of Mr. Hopkins who lives in the White House and who is generally credited with being more influential with the President than any one else alive.

Will this situation continue under the new regime? If so, it would be foolish to expect adequate results. If so, it would have been much better to appoint Mr. Hopkins to head the Office of War Mobilization. No organization can function effectively which ostensibly reports to the President and operates under his orders, but which must always have the approval of Mr. Hopkins who is chairman of one of the many organizations directing war operations and who is most likely to be influenced by reports from a sort of official Gestapo operating throughout the offices of the Government almost everywhere. The President in the past has always shown a tendency to act precipitately upon occasion without even the knowledge of those who have been charged with the matters concerned. With a national election in the offing it is reasonable to suppose that he will be more than ever tempted to permit his decisions to be influenced by considerations other than the smooth functioning of the war machinery. Unless he refrains from all such action in the future, the Office of War Mobilization will have a needless, and quite possibly a crushing, load to carry.

Policy Changes Essential

All this is rendered the more pertinent by the urgent need for drastic alteration of policy at many points. Some of these changes would cut deep where the New Deal managers, sometimes even the President himself, have shown great sensitivity in the past. Full effectiveness in the war effort requires that every one keep an eye single to the winning of the war at an early a date as possible. If the people at large are to be completely unified in the performance of the tasks necessary to this end, the Government itself must set a good example. Not only must officialdom and the politicians generally center their full attention upon this objective, but they must make it convincingly evident to a people who, not without good reason, have grown distinctly skeptical.

Not only that, but the penchant long conspicuous in Washington for regulation for its own sake, the apparent worship of complete regimentation as a means of obtaining maximum results, must be eliminated without delay. The vast structure of regulations, now so intricate, so all-embracing, so confusing, and so needlessly irritating and burdensome, urgently needs complete overhauling and drastic pruning. It is a sine qua non of full, enthusiastic public support. The whole question of civilian economy must be taken promptly out of the dog-house where it has been confined far too long, and restored to its rightful place in the war plans. Failure to do so long ago has had as much as almost anything else to do with the failure of our war effort and the danger to which it is exposed more and more with every passing day. Moreover the public must be entrusted with much more and far more dependable information about many things.

Great Ability Required

These changes the President must permit and support fully if his latest organizational step is to bear fruit. More than mere Presidential support is, however, required to give effect to such reforms, and at the same time start the war machinery to running smoothly. And that machinery must promptly start to run much more smoothly than it is now doing if the confidence of the public in the national government, now so badly shaken, is to be restored as it must be. To give effect to these changes in policy, and to make new programs effective promptly will plainly require the very acme of good management. Those to whom such tasks are entrusted must be "rich in saving common-sense as the greatest only are," as the poet aptly expresses it. They must have organizing ability and the qualities of true leadership in great abundance. Mere political shrewdness, good stage management, and clever manipulation of events with a view to appeasing public opinion will not be nearly enough.

The gentlemen to whom have been entrusted—if they actually have been entrusted—such tasks have shown some of the qualities needed. Though most of them have long been in public life, practically all of them for a good while a part of the war organization in Washington, they are almost completely unknown quantities as respects a number of other qualities most essential to their success in these new tasks. We can only hope for the best—until time tells the story, as it will without much delay.

And much more than many of us realize depends upon that story.

First Agriculture; Now War Industry

"We are reaching a point when it will be necessary to call fathers, and that also means that executives and key men will be drafted. We are at war, and individual sacrifices and some hardships are inevitable.

"I do not mean that we are going to pull all your executives out of their jobs overnight, of course. But no matter how important an executive's job may be, it is going to be necessary to establish that there is no one at all to take his place and even if he should be irreplaceable it will not follow that he will be deferred, because it still will be necessary to prove that his work is essential to the war effort.

"Under the industrial replacement schedules that you are working out with the Selective Service the majority of the young able-bodied men without dependents now in war factories will be called up within six months and practically all of them will be taken within a year."—Colonel Arthur V. McDermott at a recent meeting of the Commerce and Industry Association in New York City.

There seems to be little question that this is the official Army view of the situation—and has been for a good while past.

Yet only a few weeks ago the War Manpower Commission was urging men to seek essential war work or expect to be called up for service in the armed forces! Here is a common type of dealing with the public which should have the prompt attention of the Office of War Mobilization.

But the situation has even more serious aspects. Precisely such selective service policies as are here described by Colonel McDermott are in substantial part responsible for the serious food supply situation. Must we later repent an unwise application of them to war industry now?

The State Of Trade

A number of the leading industries showed declines for the week, but power production and the retail trade reports were rather outstanding in their gains.

Electric power output for the week ended May 22 reached a new all-time peak, according to the Edison Electric Institute. The contra-seasonal advance reflected the current heavy wartime demand for electrical energy.

Total electric production for the week was 3,992,250,000 kilowatt-hours, and compared with 3,969,250,000 in the preceding week. The previous high was 3,976,844,000 in the week ended Jan. 30. The 1942 top was 3,975,000,000 in the week ended Dec. 19.

Increase over a year ago was 18.2% as compared with an increase of 18.1% for the preceding week.

Carloadings of revenue freight for the week ended May 22 totaled 843,334 cars, according to the Association of American Railroads. This was a decrease of 5,188 cars from the preceding week this year, 5,658 cars more than the corresponding week in 1942 and 22,693 cars below the same period two years ago.

This total was 124.31% of the average loadings for the corresponding week of the 10 preceding years.

Steelmakers "are booking an increasing number of orders for delivery during the first quarter of next year and even into the second quarter," according to the magazine "Steel."

"These cover requirements for long-range war programs and are accompanied by Controlled Materials Plan allotment numbers," the publication continued. "These orders are being accepted by producers, with sizes and quantities to be specified later. Orders are placed so far in advance to give advantageous position on mill books, though subject to change as requirements develop. Included in this forward buying are plates, wire and wire products, strip and aircraft materials.

"Backing up this remote buying is the fact that mills in general are sold practically through the third quarter and into the fourth quarter on plates, bars, wire, sheets and strips, with little open capacity for that delivery."

National ingot production remained last week at 99% of estimated national capacity.

Civil engineering construction volume for the week in continental United States totaled $46,465,000, according to "Engineering News-Record." This volume, not including the construction by military combat engineers, American contracts outside the country, and shipbuilding, is 27% lower than a week ago and 72% below the total reported for the corresponding week last year by the publication.

Private construction is 64% lower than in the preceding week and 33% below a year ago. Public work declined 20% from a week ago, and is down 73% compared with the 1942 week.

The current week's construction brings 1943 volume to $1,491,759,000, an average of $71,036,000 for each of the 21 weeks of the year. On the weekly average basis, 1943 volume is 60% lower than the $3,936,356,000 reported for the 22-week period last year. Private construction, $149,766,000, is down 48% compared with last year and public construction, $1,341,993,000, is 61% lower when adjusted for the difference in the number of weeks.

Department store sales on a country-wide basis were up 20% for the week ended May 22, compared with the like week a year ago, according to the Federal Reserve Board.

Store sales were up 11% for the four weeks ended May 22, compared with the corresponding period a year ago.

Department store sales in New York City in the week ended May 22 were 18% larger than in the like 1942 week, and in the four weeks ended May 22, sales were up 8% from the corresponding period a year ago, according to the New York Federal Reserve Bank.

Sales of New York City apparel stores in the week were up 38% over the like week last year, and in the four weeks increased 28% over the total of the corresponding 1942 period.

Consumer buying of seasonal merchandise was stimulated this week as shoppers purchased in anticipation of the holiday week-end, with stores emphasizing articles for home recreation as well as for summer resort events, according to the weekly review of Dun & Bradstreet, Inc.

Promotional activity continued in lines in which scarcities were least prevalent in both retail and wholesale markets.

National income for the first quarter of the year rose to $32,245,000,000 from $26,190,000,000 in 1942, the Alexander Hamilton Institute reported. It is, the institute noted, an increase of 23.1%.

The continued increase, with advances in February and in March, confirm predictions that the 1943 national income will be by far the largest on record, the Institute explained.

Preliminary reports show that income continued to increase in April, and all indications point to month-by-month increases throughout the summer until the seasonal peak is reached about October.

"One World—One Man"

"One World" is the title of a
book.
One man is Wendell Willkie.
The two are one, and every
American should know both.
This book is Wendell Willkie.

This record of his courageous trip to the fighting countries is humane literature that will be read by generations to come. It was not written for profit. All his royalties go to the Red Cross and two great relief organizations.

Why did Mr. Willkie make such a dangerous trip? The answer is simple. The welfare of the American people is at stake both at home and abroad. We are fighting two wars. We have allies in both and the problems to solve for victory cannot be thoroughly concluded over the long distance telephone. To discuss our war problems with one ally is not enough. To do this with our other allies is the only way to get the facts. Do the American people realize that Mr. Willkie was our eyes, our ears and our investigator for our benefit?

This man is unafraid.

With his experience, probably the broadest of any man in America today, he has shown time and again that the welfare of the American people is in his heart.

There is not one word of propaganda in his book. Mr. Willkie sees the world as a unit and all mankind to be welded together in a unity for permanent peace.

This trip of Wendell Willkie is the first major step for that unity.

No one has ever been able to modify the formula for unity: "If you want unity in this world you have got to put it there yourself." What better man is there for such a job than Wendell Willkie?

This article is not a book review but to urge you to read this book so you may know something concrete of our world neighbors.

We have world neighbors and we have got to be world neighborly. The exchange of world ideas is progress and let no man in America be so stupid as to ever again use the words isolationist and interventionist to stop this progress.

The truth about all for all to be sifted for the benefit of all was the effort put forth by Mr. Willkie. The results of his trip are far-reaching because he sought for truth and found it and brought it home to us.

Let us profit by reading this book. You will find it entirely free of mental litter.

ROBERT W. MOREY,
52 Wall St., New York City.

New War Mobilization Office Headed By Byrnes; Vinson Economic Stabilization Director

President Roosevelt created on May 28 the Office of War Mobilization, with James F. Byrnes as its Director, in a move designed to provide for more effective coordination of the war agencies concerned with military and civilian supplies.

In a statement, the President explained that the country is now "entering a phase of the war effort when we must streamline our activities, avoid duplication and overlapping, eliminate interdepartmental friction, make decisions with dispatch, and keep both our military machine and our essential civilian economy running in team and at high speed."

Mr. Byrnes resigned as Economic Stabilization Director in order to assume his new duties and was succeeded by Fred M. Vinson who gave up his position as a Justice of the United States Circuit Court of Appeals for the District of Columbia. Mr. Vinson was a member of Congress from Kentucky for 14 years and spent eight years of that period as a member of the House Ways and Means Committee.

To assist Mr. Byrnes, the President established a War Mobilization Committee composed of Secretary of War Stimson, Secretary of War Knox, Donald M. Nelson, Chairman of the War Production Board; Harry L. Hopkins, Chairman of the Munitions Assignments Board, and Mr. Vinson.

As to this group, the President's statement said:

"The committee has been purposely kept small so that it can function most effectively. But the heads of the various departments and agencies will be asked to sit with the committee whenever matters of special concern to their departments or agencies are under consideration.

"The committee will lay down unified policies and develop integrated programs and will see that the policies established and programs developed are expedited. In addition to its regular meetings, the committee will meet from time to time with me in the Cabinet Room."

The Office of War Mobilization will have three main functions, viz:

"To develop unified programs and to establish policies for the maximum use of the nation's natural and industrial resources for military and civilian needs, for the effective use of the national manpower not in the armed forces, for the maintenance and stabilization of the civilian economy and for the adjustment of such economy to war needs and conditions:

"To unify the activities of Federal agencies and departments engaged in or concerned with production, procurement, distribution or transportation of military or civilian supplies, materials and products. . . .

"To issue such directives on policy or operations to the Federal agencies and departments as may be necessary to carry out the programs developed, the policies established and the decisions made under this order."

Mr. Byrnes and Mr. Vinson were sworn in on May 29 to their new posts.

The President's Executive Order setting up the OWM follows:

By virtue of the authority vested in me by the Constitution and the statutes of the United States, particularly by the First War Powers Act, 1941, as President of the United States and as Commander in Chief of the Army and Navy, and in order to provide for the more effective coordination of the mobilization of the nation for war, it is hereby ordered as follows:

I

There is established in the Office for Emergency Management of the executive office of the President an Office of War Mobilization which shall be under the direction of a director of war mobilization (hereinafter referred to as director), to be appointed by the President.

II

There is established in the Office of War Mobilization the war mobilization committee (hereinafter referred to as the committee), of which the director shall be the chairman and with which he shall advise and consult. The committee shall consist, in addition to the director, of the Secretary of War, the Secretary of the Navy, the chairman of the Munitions Assignments Board, the chairman of the War Production Board and the Director of Economic Stabilization. The chairman shall request the heads of other agencies or departments to participate in the deliberations of the committee whenever matters specially affecting such agencies or departments are under consideration. It shall be the duty of the heads of the agencies and departments to supply necessary data to the director and the committee.

III

It shall be the function of the Office of War Mobilization, acting in consultation with the committee and subject to the direction and control of the President,

(a) To develop unified programs and to establish policies for the maximum use of the nation's natural and industrial resources for military and civilian needs, for the effective use of the national manpower not in the armed forces, for the maintenance and stabilization of the civilian economy, and for the adjustment of such economy to war needs and conditions;

(b) To unify the activities of Federal agencies and departments engaged in or concerned with production, procurement, distribution or transportation of military or civilian supplies, materials, and products and to resolve and determine controversies between such agencies or departments, except those to be resolved by the director of economic stabilization under Section 3, Title IV of Executive Order 9250; and

(c) To issue such directives on policy or operations to the Federal agencies and departments as may be necessary to carry out the programs developed, the policies established, and the decisions made under this order. It shall be the duty of all such agencies and departments to execute these directives, and to make to the Office of War Mobilization such progress reports as may be required.

The Office of War Mobilization may perform the functions, exercise the powers, authority and discretion conferred on it by this order through such officials and such agencies and in such manner as the director, subject to the provisions of this order, may determine. The director shall receive such compensation as the President shall provide, and within the limits of funds which may be made available, may employ necessary personnel and make provision for supplies, facilities and services necessary to discharge his responsibilities.

All prior Executive orders in so far as they are in conflict herewith are amended accordingly.

FRANKLIN D. ROOSEVELT.

Union Defies ODT On Skip-A-Day Deliveries

The Office of Defense Transportation on May 25 issued an order, effective May 27, cutting milk deliveries to homes in the metropolitan area to every-other-day, with no wholesale deliveries on Sundays, in order to save gasoline.

The companies on Thursday, May 27, sought to deliver a two-day supply to their retail customers, but the Milk Wagon Drivers Union, an A. F. of L. affiliate, having approximately 14,000 members in Metropolitan New York, Westchester County (N. Y.) and Northern New Jersey, refused to do so. Rather than deprive their customers, the companies then delivered a one-day supply each day up to and including Tuesday, June 1, in violation of the ODT order.

No wholesale deliveries were made on Sunday, May 30, and for the first time in the six-day-old controversy, home consumers were affected on a mass scale on Wednesday, June 2 as companies made no retail delivery of 2,000,000 quarts normally set down each day on doorsteps in the metropolitan area.

This dispute was referred to the National War Labor Board on June 1 by Ralph T. Seward, impartial chairman of the milk industry in the metropolitan district, after the union failed to respond to his deadline for compliance with the ODT order.

Miners Again Strike

The extended strike truce between the coal miners and operators expired at midnight on May 31, with no settlement of the long wage controversy in sight. Miners checked in their tools as orders were flashed shortly before the deadline from district headquarters of the United Mine Workers of America that "there will be no work tomorrow (June 1)." Approximately a half million of men walked out.

The deadlock in wage negotiations tightened on Tuesday when the operators, in the absence of sanction by the National War Labor Board, rejected the Union's proposal during the day for an increase of $1.50 a day as a temporary settlement of the portal-to-portal (underground travel) issue.

Harold L. Ickes, Secretary of the Interior, as Solid Fuel Administrator, and operator of the seized mines in the name of the Government, called upon John L. Lewis, President of the Union, to order the miners to end their work stoppage, which Mr. Ickes termed "a strike against the Government."

The joint wage negotiations were recessed until Wednesday (June 2) with an announcement by the operators that they have called upon the NWLB for further directions.

On May 25, the NWLB had handed down a compromise decision in which it denied union demands for a general wage increase of $2 a day, for double time for Sunday work and for a guaranteed 52 weeks of work a year. The Board, however, approved an increase in vacation allowance from the present $20 to $50, suggested a two-year contract and made minor allowances for occupational expenses. The problems of portal-to-portal pay and the six-day week were referred back to the union and the coal operators for further direct negotiations.

Industrial Activity Increased Further In April, Federal Reserve Board Reports

Industrial activity in April and the early part of May increased somewhat further, and retail trade was maintained in large volume, the Board of Governors of the Federal Reserve System reported on May 22 in its monthly summary of general business and financial conditions in the United States.

The Board's review continues:

Industrial Production

The Board's index of total industrial output rose slightly in April, reflecting further increases in activity in war industries, while output in most other lines showed little change.

Production of armaments in the machinery and transportation equipment industries rose to new high levels. Activity at steel mills increased somewhat further. Lumber production showed the usual seasonal rise in April and was at a level about 10% less than a year ago, when problems of maintaining an adequate labor supply in the industry began to develop. In the cement industry, where production usually advances sharply during the spring months, production has shown little change this year, reflecting chiefly the restricted volume of current construction activity.

Total output of manufactured foods in April continued below the seasonally adjusted peak level reached at the end of last year. Meatpacking and flour production showed decreases in April, while output of dairy products and other manufactured food products was maintained. Volume of output in chemical plants continued to gain. Production of other nondurable manufactures showed little change.

There was a decline in bituminous coal production in the last week of April, following the breaking off of negotiations for a new wage contract, but output increased in the early part of May. Production of coal in March had been at an exceptionally high level. Stocks on May 1 were considerably higher than a year ago and for bituminous coal were estimated to be equivalent to 55 days' supply for industrial purposes. In May the Government took over the bituminous coal mines.

Value of construction contracts awarded declined in April, reflecting reductions in contracts for Federal work, according to the F. W. Dodge Corp. Total residential awards in March and April were at the lowest levels for these months in a number of years.

Distribution

Sales at department and variety stores increased in April, but the rise was less than usually occurs when Easter falls late in the month. Mail-order sales, principally to persons in small towns and rural areas, showed about the usual seasonal rise. Value of sales in April continued at a level substantially higher than a year ago but, with prices higher, the physical volume of goods sold was probably about the same as in the corresponding period last year.

Carloadings of revenue freight were maintained in large volume in April and the first week in May. Ore shipments showed a seasonable rise beginning in the last half of April, a month later than in 1942 when the movement was unusually early.

Commodity Prices

Wholesale prices of most commodities showed little change from the middle of April to the middle of May. Retail food prices continued to advance sharply in the latter part of March and the early part of April and the indexes showed increases of 6% as compared with January. Retail prices in most other items in the cost of living showed smaller increases in that period. Plans for more effective enforcement of price ceilings have been announced.

Bank Credit

During May, as the Treasury made disbursements out of war loan accounts, which had been built up during the recent drive, there was a growth of bank deposits subject to reserve requirements and a decrease in member bank excess reserves. Continued withdrawals of currency also reduced bank reserves. Nevertheless, the reserves of member banks were sufficient to enable them to make substantial repurchases of bills which had been sold to the Reserve Banks under option. In addition, the Federal Reserve System sold some bonds in response to a market demand.

Government security holdings at reporting member banks in 101 leading cities increased by $4,300,000,000 in the four weeks ending May 12. These increases reflected purchases of new issues during the War Loan drive, as well as substantial market purchases.

In New York City, loans to brokers and dealers for purchasing or carrying securities increased by $860,000,000 during the three weeks of the War Loan drive, and subsequently declined in the first three weeks of May; these changes reflected almost entirely activity in loans for purchasing or carrying Government securities, which on May 19 amounted to $580,000,000 of the total $1,020,000,000 outstanding; other loans to brokers and dealers by New York City banks rose by $90,000,000 from the end of March to May 19.

Machinists Union Ends AFL Tie

By vote of 78,811 to 20,179, the International Association of Machinists' which has a membership of approximately 565,000, recently decided to terminate its 48-year affiliation with the American Federation of Labor, effective May 31, 1943, according to the Associated Press dispatches last week from Washington, which added added that this withdrawal climaxes a jurisdictional dispute of the IAM with the United Brotherhood of Carpenters and Joiners, the International Union of Operating Engineers and the Amalgamated Association of Street, Electric and Motor Coach Operators of America. The dispatches on May 27 further went on to say in part:

Harvey W. Brown, President of the IAM, declared that his union has no intention of joining the Congress of Industrial Organizations and that the IAM would remain independent until such a time when the AFL might undertake to settle the dispute satisfactorily. He added that the IAM Executive Council had decided on the break May 27 after a long conference on the refusal of the AFL Executive Council to grant a request for a clear definition of a jurisdiction of the machinists' union.

However, in leaving the AFL, said Mr. Brown, we are firmly resolved to continue one of the traditional policies of the IAM—to respect the jurisdiction of and cooperate with the bonafide trade unions who respect our jurisdiction. He stated in a letter to William Green, President of the AFL, that the union was taking this step "with sincere regret."

Mr. Green said he hoped "the separation will be only of temporary duration and that some compromise can be worked out."

President Asks Congress For $85,000,000 To Prepare For Post-War Works Program

President Roosevelt asked Congress on May 24 for $85,000,000 to enable the Federal Government, in cooperation with States and local governments, to prepare plans for public works and improvement projects to be undertaken in the post-war period.

In a letter to Vice-President Wallace the President appealed for "a coordinated program of the appropriations and legislation that will be necessary to enable the Federal Government to be prepared for a rapid start on a Federal public works and improvement program." Mr. Roosevelt said that by deferring the construction of non-war projects "we are storing up a reservoir of work that can be undertaken when the war is over and thus be useful in providing employment opportunities and demands for materials."

His letter was accompanied by proposed legislation under which the Federal Government would be authorized to allocate at least $10,000,000 to States and local planning agencies next fiscal year. Of this sum $5,000,000 would be equally divided among States and 50% would be divided on a population basis.

Another provision would authorize the President to spend up to $75,000,000 for advances to States and local authorities for surveys and engineering work on projects of national significance.

The following is the President's letter to Mr. Wallace:

"It has been more than two years since I first called the attention of the Congress to the need for preparing in advance plans for public works and improvement projects to be undertaken in the post-war period. During the war we are deferring the construction of every project not vitally needed for war purposes. By so doing we are storing up a reservoir of work that can be undertaken when the war is over and thus be useful in providing employment opportunities and demands for materials. But if such projects are to be ready for rapid inauguration in the post-war period, the plans and specifications must be prepared during the war.

"I hope the Congress will approve the necessary legislation to make my recommendations in this matter effective. To aid it in its consideration of the matter, I have asked the Federal departments and agencies concerned to submit to my executive office the necessary information upon which I can base a recommendation to send to the Congress at an early date covering a co-ordinated program of the appropriations and legislation that will be necessary to enable the Federal government to be prepared for a rapid start on a Federal public works and improvement program. A copy of my memorandum to the Federal agencies concerning this matter is attached for your information.

"In the meantime I hope the Congress can give consideration to the enactment of legislation that will authorize the appropriation of funds that can be granted to the States and local governments in order to encourage and support them in their preparation of plans for their own post-war public works and improvement projects. I believe that a grant to support the more general planning activities of these governments along with reimbursable advances to cover the detailed planning for their individual projects would be an effective means to assure that plans will be ready when they are needed.

"To this end I am attaching hereto a suggested draft of a bill providing such Federal aids for planning. This suggested draft is a modified version of Title II of H. R. 1898 now pending in the House of Representatives. Title I of H. R. 1898 pertaining to Federal agencies, will, I believe, be unnecessary in view of the action that I propose to take as outlined above."

To Pay Off Nicaragua Commercial Debt Notes

Also Cordoba 5s of '53

The Government of Nicaragua has announced that payment of the remaining Republic of Nicaragua frozen commercial indebtedness notes, Nos. 20 to 32 inclusive, American series, dated Sept. 13, 1938, will be made on June 12 at the office of the paying agent, Bank of The Manhattan Co., New York. An item regarding plans to make this payment appeared in our issue of May 13, page 1791.

In special cable advices from Managua, May 26, to the New York "Times," it was stated that President Anastasio Somoza requested that day that Colonel Irving A. Lindberg, Collector General of Customs and High Commissioner, as trustee and fiscal agent of Nicaragua's guaranteed 5% Cordoba bonds of 1918, redeem before June 30 all bonds of this issue outstanding in the hands of American holders. The advices to the "Times" added:

"These bonds were issued in 1918 to a total of 4,000,000 cordobas, with a maturity date of 1953, in settlement of all claims, including the revolutionary, against the government of that period. A total of $1,500,000 cash was paid at that time on these claims out of funds received from the United States Government in exchange for the option to build an interoceanic canal through Nicaragua, in accordance with the Bryan-Chamorro Treaty. Revenue for the service of the bonds exceeded expectations and there is outstanding less than $250,000.

Payment of both security issues several years before maturity will save the government considerable interest and reduces the Nicaraguan national debt about 15%. It is believed that the accelerated amortization of bonds is unusual in Latin-American finance, and it is the first time in Nicaraguan history that a bond issue has been completely paid without recourse to refunding.

Modify Restrictions On Army Overseas Parcels

Albert Goldman, Postmaster of New York, announced on May 24 that the War Department has advised that it will no longer be necessary that the requests of Army personnel overseas for articles to be sent such personnel be approved by a commanding officer, provided that not more than one parcel shall be accepted for mailing in any one week when sent by or on behalf of the same person or concern to or for the same addressee, and provided further that the parcel does not exceed the present weight limit of 5 pounds or 15 inches in length or 36 inches in length and girth combined. The announcement also says:

"Parcels presented for mailing under this modified arrangement must be accompanied with the written request for the articles contained therein, together with the envelope bearing the A. P. O. cancellation in which the request was received. When the request is contained in a processed facsimile of a V-mail letter the envelope will not be required. No perishable matter should be included in any parcel."

Jones Endorses Bill For Ass't Sec. of Commerce For Small Business

Endorsement by the Department of Commerce of a bill providing for the appointment of an "Assistant Secretary of Commerce for Small Business" was expressed on May 27 by Secretary of Commerce Jesse H. Jones. In a letter to the Senate Commerce Committee, Mr. Jones stated that passage of this legislation "would aid in the coordination and intensification" of all small business activities of the individual agencies of the Government, for which "adequate relief" has not been provided, and would "help toward insuring the survival of small business as a cornerstone of the American way of life." The Secretary added:

"The Department would be able to render additional service through the designation of an official to coordinate government activities in behalf of small business and encourage greater interdepartmental cooperation. The selection of such an individual by the President, with the advice and consent of the Senate, would undoubtedly increase his effectiveness. It does not appear to me to be necessary to limit his functions in legislation to small business.

"Such an official of the Department would from the outset have the facilities of the United States Department of Commerce Field Service, the Small Business Unit of the Bureau of Foreign and Domestic Commerce, and other government agencies authorized to aid small business. He would be in a strategic position, through the heads of the appropriate bureaus and agencies of the Department, to bring about a coordination of activities relating to small business. Research in these special problems continues to be conducted both in Washington and wherever the Department maintains a field office. The findings are conveyed orally or in printed form through the field organization to the small business men requesting such assistance. Such an official would not only be a focal point for activities of the Federal Government in this field but for small business proprietors and their organized groups as well."

In the early portion of his letter Mr. Jones said:

"Small business numerically embraces nine out of every ten business establishments. It accounts for over one-third of the dollar volume of all goods and services. It employs approximately 45% of all wage earners.

"The Department of Commerce estimates that for 1939 there were 2,750,000 small businesses in the United States—manufacturers, wholesalers, retailers, service men, construction men, hotel operators, and owners of amusement places. About 8,350,000 people were employed by these businesses in addition to the proprietors.

"In normal times, business population of the United States increases from year to year. Our best estimates suggest, however, that for the years 1942 and 1943, total business population will be reduced by about 500,000 individual firms, 300,000 of which will be retail.

"The preservation of small business is essential to democracy in our country. If the number of small businesses continues to decline, we may find in the post-war period that our system of free and fair enterprise will have become seriously affected and our national economy may be found to be veering toward a way of life totally different from that under which we live today. Uncorrelated efforts by individual agencies of the Government have not provided adequate relief. Passage of the legislation here proposed would aid in the coordination and intensification of all these activities, and help toward insuring the survival of small business as a cornerstone of the American way of life."

Mr. Jones also stated:

"The Bureau of the Budget has advised that it would interpose no objection to the establishment of an additional position of Assistant Secretary in the Department of Commerce."

Summary Judgment Asked Against Associated Press In Anti-Trust Action

What is described as an anti-trust procedure without precedent was taken by the Department of Justice on May 25 when summary judgment was asked against the Associated Press in a motion filed in the United States District Court in New York. The motion, it is stated, asked that the court, in addition to opening AP membership to all papers able to pay their share of the cost:

"Nullify the AP by-law which prohibits a member newspaper from furnishing to any one not a member the news which it is required to supply to the AP.

"Enjoin the AP or its agents and employees from carrying out by-laws thus adjudged to be illegal.

"Nullify the acquisition by the AP of the stock of Wide World Photos, Inc., and require the AP to divest itself of all interest in Wide World Photos.

"Cancel the existing agreement between the AP and the Canadian Press, and enjoin the AP from entering into any agreement with the Canadian Press or any other press association under which the AP would agree 'not to deliver its news reports to any other association, newspaper or individual in any particular territory, area or region.'

"Enjoin the AP from entering any agreement under which it would obtain the exclusive right to receive the news report of any association, newspaper or individual."

The motion was made in a civil suit pending before a special 3-Judge Court. In the "Herald Tribune" of May 26 it was stated:

"The action, never before sought in a Sherman anti-trust act case, asked that the civil suit be decided in the Government's favor without testimony by witnesses in open court. The Government argued that there was no general issue as to any material fact as a result of steps already taken in the suit and declared that the three-judge expediting court already has all the information needed to decide the case.

"The court set July 8 as the date for hearing on yesterday's motion and gave The Associated Press until June 21 to file affidavits opposing it. The court also ordered that the Government file a brief on the law involved on June 21 and directed the news service to file its brief on the legal points before July 6.

"Counsel for The Associated Press would not comment on the request for summary judgment yesterday, but indicated the motion would be opposed."

The filing of the action charging the Associated Press with acts of monopoly and restraints of trade was noted in our issue of Sept. 10, 1942, page 895.

Communist International Dissolved Ending Moscow Control Of World Organization

The dissolution of the Communist International as the directing center of the international working-class movement was announced in Moscow on May 22 in order that its supporters may concentrate their energies on active participation in the war against German Fascism.

The Presidium of the Executive Committee of the Comintern is said to have reached this decision on May 15 at a meeting in Moscow and put forward the proposal for ratification by the sections of the organization. It was explained that due to war conditions a congress of the Communist International was unable to be convened and that some sections of the Comintern had requested dissolution in order to free them from their obligations. The resolution adopted by the committee said the Communist International, founded in 1919, had been outmoded and had proved to be a drag, in some countries, on the "further strengthening of the national working class parties."

In Associated Press Moscow advices of May 22, it was stated:

The great lesson of the war, it added, was that "the general national uprising and mobilization of people for the speediest victory over the enemy can be best of all and most fruitfully carried out by the vanguard of the working class movement of each separate country working within the framework of its own country."

The text of the announcement seemed to indicate that dissolution of the Comintern was no temporary war-time expediency but a final act of abolition.

The resolution, signed by two Germans, two Finns, two Italians, two Russians, two Frenchmen, a Czech, a Hungarian and a Spanish woman Communist, said that even before the war it became clear that because of increasing complications in internal and international affairs of various countries "any sort of international centre would encounter insuperable obstacles in solving the problems" of the Communist movement.

Differences in the "level and tempo" of the economic and political development in various countries were accentuated, it added, by the war which placed a dividing line between countries which fell to Hitler's domination and those united in an anti-Hitler coalition.

The working class parties have three main tasks, it declared. Those in Hitler's bloc must give all help "by sabotage of the Hitlerite military machine from within."

The "sacred duty" of those in the anti-Hitler coalition consists of aiding "by every means the military efforts of the Governments of these countries aimed at the speediest defeat of the Hitlerite bloc."

Finally, the basic task in the occupied lands is the promotion of the "armed struggle developing into a national war of liberation," the resolution declared.

"Communists have never been supporters of the conservation of organizational forms that have outlived themselves," it continued, adding that they acted in 1935 to give greater flexibility and independence to the various national sections.

As a result, the resolution of the Communist party of the United States in withdrawing from the Comintern in November, 1940, had been approved, the resolution stated.

Before closing the records of the Third International, however, the resolution lauded the "historic role" of the Communist centre in helping mobilize the vanguard of workers for the "struggle against Fascism and the war which the latter was preparing, and for the support of the Soviet Union as the chief bulwark against fascism."

Byrnes Says Offensive Will Be On Many Fronts; Cites Huge War Production Volumes

James F. Byrnes, Director of the newly created Office of War Mobilization, declared on May 31 that "we are now girding ourselves not for a single attack on a single front, but for many attacks on many fronts both in the European theater of war and in the Pacific."

In a nation-wide radio address from his hometown, Spartanburg, S. C., Mr. Byrnes warned that "we have a long, hard road ahead" and emphasized that the progress made in war production must be kept up and increased for the "all-out military operations against the enemy." He pledged himself to do all possible to bring about the same co-ordination of efforts among the civilians in governmental agencies that exists on the military fronts.

In Associated Press advices his talk was reported as follows:

"The 100,000th plane manufactured since we began our war production program came off the assembly line today," Mr. Byrnes said.

"During this year we will double the size of our fleet.

"In the month of May this year we produced three times as many pieces of artillery for ground troops as we did in all 19 months of the last war.

"We are building merchant ships four times as fast as they are being sunk.

"America has turned out 2,225,000 machine guns since it began to rearm, and in 1943's first five months 100 fighting ships were finished—one every 36 hours."

"We have at length caught up with the Axis in our preparations and are forging rapidly ahead," Mr. Byrnes said. "We are now girding ourselves not for a single attack on a single front, but for many attacks on many fronts both in the European theatre of war and in the Pacific.

"Those attacks will proceed when and where the enemy least expects them. And they will not cease until the last vestige of Japanese treachery and Nazi tyranny are blasted from the earth."

Warning that "we have a long hard road ahead" and "the hardest fighting is yet to come," he declared:

"We must act with greater dispatch and greater efficiency than ever. We must learn to work, to fight, to sacrifice together as we have never done before.

"Your government has no right to call upon you to work as a team if it is not going to demand of Government officials that they work as a team. I admit that officials of the Government have made mistakes. That is to be expected of human beings.

"But the people have a right to expect Government officials to sacrifice all pride of opinion and cooperate just as officers of the Army and Navy are required to cooperate.

"We must be just. There have been controversies in Government. But that these controversies and their effect upon the war effort have been exaggerated is clearly demonstrated by the statement that I have made of our progress."

Mr. Byrnes said the creation of the Office of War Mobilization is part of the President's "new and resolute action to unify and solidify our war efforts here on the home front." He said he could make no statement of plans by the War Mobilization Committee until it meets later this week. But he said:

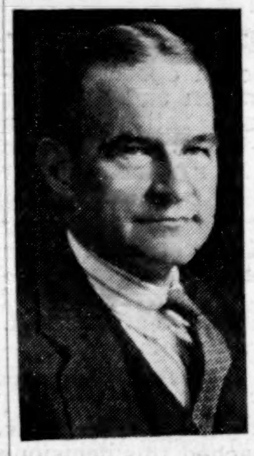
"I pledge you that I shall do all in my power to bring about the same coordination of efforts among civilians in government agencies that exists on the military fronts."

Mr. Byrnes declared that "the striker in war industry is almost as rare as the slacker in the Army."

Speaking on a program built around the theme "Textiles Go to War," the OWM chief said textile workers "with few exceptions have patriotically refused to countenance the right to strike in time of war," and added:

"We have had some stoppages of work in industries producing weapons of war. They have justly aroused criticism. But when you condemn the few who strike, do not forget that the great mass of our workers and, with rare exceptions, the leaders of organized labor, are doing as much as any of us, and more than many of us, to see that there is no interruption in war production. Do not forget that during 1942 only one-twentieth of 1% of the time of workers engaged in war work was lost on strikes."

Irving Olds Elected Cooper Union Trustee



Irving S. Olds

Irving S. Olds, Chairman of the Board of Directors of the United States Steel Corp., was elected a Trustee of Cooper Union for the Advancement of Science and Art at a meeting of the Cooper Union trustees held on May 26 in New York City. Mr. Olds succeeds the late J. P. Morgan, who served for more than 30 years, and was senior trustee at his death on March 13.

Dr. Gano Dunn, President of Cooper Union, characterized Mr. Olds as "an outstanding leader of American industry whose cultural interests and spirit of services continue a tradition associated with the direction of Cooper Union since its founding in 1859 by Peter Cooper for the free education of the masses."

Other members of the Cooper Union Board are Walter S. Gifford, Elihu Root, Jr., Barklie Henry, and Dr. Dunn. The Treasurer is Sheridan A. Logan, and the Secretary is Edward L. Rehm.

Changes In Labor Dept. Living Costs Index

The Bureau of Labor Statistics' estimate of the change in living costs from February to March, made available May 19 incorporates revisions in the food cost index which were designed to take into account the effects on consumer buying of rationing and other war-time changes in the supply of foods as well as the effects of recent shifts in population to war production centers, according to a Labor Department announcement.

In its advices the Department says:

"The revisions do not affect the level of the indexes for previous months and did not appreciably affect the movement of the food cost index from February to March. In order to test its effect the index for several important cities was computed for this period on the basis of the list of commodities and weights previously used. The difference in movement of the two indexes was in every instance negligible. 'Modernization' of the index will affect measurements of living costs significantly only over a longer period of time and will serve to insure its future accuracy in reflecting the consumer market conditions characteristic of the war period.

"The changes made were:

"1. Seven foods were added to the index. They are: rolled oats, beef liver, hamburger, sliced ham and corn sirup—which are now being bought in larger quantities than before rationing and food shortages—and grapefruit juice and canned green beans, which are being included to provide more complete representation of canned fruits and vegetables.

"2. The quantity 'weights' of 27 foods have been reduced in line with anticipated 1943 supplies which will be available to civilian consumers under rationing restrictions, including most cuts of beef—round steak, beef rib roast and chuck roast; veal; lamb; frozen and fresh fish, and pink salmon; butter; fresh apples and bananas; several fresh vegetables—cabbage, carrots, lettuce and spinach; canned peaches, pineapple, corn, peas, tomatoes; dried prunes and navy beans; coffee and tea; shortening other than lard, corn meal and sugar.

"3. The relative importance of 25 foods was increased, including the cereals—white, whole wheat and rye bread; macaroni, corn flakes, vanilla cookies and soda crackers; most pork products—pork chops, sliced bacon, whole ham and salt pork; roasting chickens; cheese, fresh and evaporated milk; eggs, and, among the fresh fruits and vegetables—oranges, onions, potatoes, sweet potatoes; lard, salad dressing, oleomargarine and peanut butter. The increase in importance of these foods in the index does not necessarily mean that a larger quantity will be available for civilian use—the contrary is true of bacon, for example—but that they are relatively less scarce than the 27 foods listed above.

"4. Adjustments were made for changes in the volume of food sold through chain and independent stores and supermarkets.

"5. Five cities in which food prices have been available for sometime have been incorporated in the all-cities index.

"6. The relative importance of the cities included in the food cost index and in the over-all cost of living index has been changed to take account of the changes in population because of war activities."

New Freight Cars On Order Increased During April '43

Class I railroads on May 1, 1943, as reported to the Car Service Division had 34,262 new freight cars on order, the Association of American Railroads announced on May, 24, This compares with 20,712 on April 1, 1943, and 59,328 on order on May 1, 1942. Of the total number on order May 1 this year, there were 3,500 plain box; 2,525 automobile box; 7,739 gondolas; 18,481 hoppers; 200 stock and 1,817 flat cars,

New locomotives on order on May 1, this year, totaled 893, which included 394 steam, nine electric and 490 Diesel locomotives, On May 1, 1942, they had 985 locomotives of all types on order.

Class I railroads put 6,260 new freight cars in service in the first four months of 1943, compared with 37,741 in the same period last year. Those installed in the four months of 1943 included 1,901 hopper, 2,948 gondola, 979 flat, 135 automobile box, 269 plain box, one stock and 27 miscellaneous freight cars.

The railroads also put 213 new locomotives in service in the first four months this year, of which 160 were steam, nine electric, and 44 Diesel. New locomotives installed in the same period last year totaled 237. of which 96 were steam and 141 were electric and Diesel.

Future Stability Of World Depends On Four Great Powers, Declares Professor Moley

Raymond Moley, Professor at Columbia University, in a commencement address on May 31 at Baldwin-Wallace College at Berea, Ohio, said that the future stability of the world will depend upon the capacity of four great powers—the United States, the British Commonwealth, Russia and China—to work with each other, according to the New York "Herald-Tribune" of June 1, which in advances from Berea went on to say:

Calling for "recognition of the vast regional differences which exist in the world and a determination, in advance, of our proper American interest in each region," Mr. Moley said:

"The vital interests of the world center in three great regions and, possibly, a number of smaller ones. From our standpoint, the first is Pan-America, the second is Eastern Asia and the Western Pacific, and the third comprises Europe, Western Asia and Africa.

"Our concern with the first is immediate, vital and predominant. In the Western Pacific and East Asia, we have, in common with two or three other major powers, an active interest. In Europe, Asia Minor and Africa our concern is sympathetic, but secondary.

"Some of us assume that a single over-all league can solve the problems of the world, providing only that we enter such a league. In sharp contrast is the realism of the present British government, so clearly expressed by Mr. Churchill in March. In that memorable speech he spoke of a council for Europe and a council for Asia. We may infer from what he said, as well as from what he did not say, that whatever happens, Great Britain and Russia feel that the critical responsibility for keeping order in Europe is theirs.

"They are perfectly right in taking that position, first, because they can have no assurance of ultimate American collaboration in settling the problems of Europe, and, second, because that job can best be done, in any event, by Great Britain and Russia."

Extend For Two Years US Obligations' Use As Collateral For Reserve Notes

President Roosevelt signed on May 25 the bill extending for two years from June 30 the statute which allows the use of direct obligations of the United States as collateral security for Federal Reserve notes. The Senate passed the measure on May 12 and the House on May 17.

Renewal of the authority was urged by Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, in order, it is noted, that the Federal Reserve may fulfill its responsibilities in connection with prosecution of the war.

In a statement to the Senate on May 12, Senator Wagner (Dem., N. Y.), Chairman of the Banking and Currency Committee, said:

"The bill extends for another period of two years the provision of the law, enacted first in 1932, the purpose of which was to authorize the Federal Reserve Banks to issue Federal Reserve notes backed at least by 40% gold and 60% of either Government obligations or commercial paper. Since at that particular time gold was not plentiful, and since commercial paper was also not plentiful, it was necessary, in order to secure the issuance of Federal Reserve notes, to use some Government obligations as collateral. A little while thereafter gold became quite plentiful, and although each two years the right to issue such Federal Reserve notes was extended, it was not utilized until the past year. Now that the circulation of currency has increased and the deposits of banks with the Federal Reserve Bank have increased there is not sufficient gold as 100% collateral for the Federal Reserve notes. Therefore the amendment to the act proposed by the bill is needed. There being practically no commercial paper, the Federal Reserve Banks will need a portion of Government obligations as collateral for the Federal Reserve notes. That is the sole purpose of the bill."

Regarding Mr. Eccles's views, the Associated Press in Washington advices of May 12 stated:

Mr. Eccles wrote to the Senate Banking Committee that until recently the amount of gold certificates held by Federal Reserve Banks was so greatly in excess of the amount of Federal Reserve notes in circulation that the banks were able to pledge gold certificates for all Federal Reserve notes issued to them without impairing reserves against deposits.

During the last two years, however, as a result of the increased money in circulation, authority under the provision has been used and, as of April 14, six of the Federal Reserve Banks had pledged Government securities as collateral for notes totaling $505,000,000.

If the authority to pledge Government securities should be allowed to expire, Mr. Eccles said, Reserve Banks could not continue to meet combined requirements of reserves against deposits and collateral for Federal Reserve notes due to heavy credit requirements of war financing.

Pay On Porto Alegre 8s

Ladenburg, Thalmann & Co., as special agent, is notifying holders of City of Porto Alegre (United States of Brazil) 40-year 8% sinking fund gold bonds external loan of 1921, that funds have been deposited with them, sufficient to make a payment in lawful currency of the United States of America, of 16.25% of the face amount of the coupons due Dec. 1, 1940, amounting to $6.50 for each $40 coupon and $3.25 for each $20 coupon. It is indicated that pursuant to the provisions of the Presidential Decree of the United States of Brazil, such payment, if accepted by the holders of the bonds and coupons, must be accepted in full payment of such coupons and of the claims for interest represented thereby.

No present provision, the notice states, has been made for the coupons due Dec. 1, 1931, to Dec. 1, 1933, inclusive, but they should be retained for future adjustment.

V-Mail Service Extended

Albert Goldman, Postmaster of New York, announced on May 31 that arrangements have been made to extend the V-Mail service to correspondence between persons in the United States and members of the British Forces in Iran (Persia) and Iraq. Such V-Mail letters should be addressed "PAIFORCE," which term is used to identify this area.

V-Mail letters addressed "PAIFORCE" are subject to postage at the domestic rates, that is, 3 cents for ordinary mail and 6 cents if air mail is desired.

Bill Requiring Competitive Bidding On All Rail Issues Objected To By ICC

The sale of railroad securities by privately negotiated contract should always be left open to the carriers, according to the Interstate Commerce Commission. The Commission is opposed to legislation which would require the sale of rail securities only through competitive bidding. In a confidential report to Congress on the Shipstead Bill to require competitive bidding in the sale of carrier offerings of all types, the Commission said:

"We think that whether competitve bidding should be required should depend upon the facts and circumstances in each case. It is our view that the proposed bill as drawn should not be passed by Congress and further that there is no need at this time for any legislation requiring the sale of railroad securities at competitive bidding."

The Commission pointed out that it has interpreted Section 20 A of the Interstate Commerce Act to give it authority to require competitive bidding in the sale of rail securities when it thought such a course advisable. The Commission can approve or reject applications for sale of securities by a railroad and can fix conditions and price of any sales.

The Commission outlines advantages in the sale of securities through privately negotiated contracts.

"One advantage," it said, "is that the work which financial houses and their experienced lawyers are able to perform in connection with security issues results in getting the instruments into approved and merchantable form, and in many instances, is necessary to insure their acceptance by investors."

The Commission went on to say that it is in a position to determine whether or not a carrier is getting a fair and adequate price for its securities. In all cases it insists that the carrier show that it is receiving a fair and adequate price for securities sold, whether by competitive bidding or through privately negotiated contract. The method of doing this in cases where the application is not opposed is usually by correspondence or by informal discussion.

"Sales of securities at competitive bidding will not always result in a carrier receiving a fair and adequate price for its securities," the Commission asserted. "If competitive bidding were the only method by which a carrier could market its securities it might in some instances be unable to market them at all."

The Commision declared that it has been "our observation that when the market for securities is rising a carrier can expect bids for its securities on a competitive basis, but when the market is declining competition also declines and any bids received are likely to be on a basis intended to assure complete safety for the bidder. In such a case, if the bill were law, and no bids were received or only disadvantageous ones, a carrier would be unable to sell its securities by privately negotiated contract."

The Commission said that if the Senate committee should conclude to approve the Shipstead Bill in spite of the Commission objections the measure should be revised.

There are many situations in which it would be undesirable and even impracticable to sell securities at competitive bidding, according to the Commission. This is particularly true in case of capital stock, bonds convertible into capital stock, securities exchanged for outstanding securities without the intervention of underwriters, short-term notes, securities issued directly to ultimate purchasers without the assistance of underwriters, securities of subsidiary carrier companies issued to controlling carrier companies, issues of insignificant amounts, and issues by small companies. The Commission suggested that all these types of securities be exempted from any law requiring competitive bidding. More important still there should be provisions authorizing sales by privately negotiated contracts in case of lack of any bid at competitive bidding.

Another example of the difficulties of requiring competitive bidding by law is in the case of the sale of bonds convertible into stock. Such bonds, as a rule, must, under existing charter provisions, be offered to stockholders, and in such cases the success of the proposed financing must be insured by underwriters. Underwriters do not purchase the bonds. The general public is the purchaser and the underwriters are merely the insurers. In such situations it is impracticable, the Commission said, to offer the bonds at competitive bidding and any competitive bidding that might be required would not be for the securities but for the underwriting contract. Yet the bill requires competitive bidding for the securities themselves.

Still another reason for opposing compulsory competitive bidding in sale of rail securities is in a case where a carrier gives a short-term note to evidence a loan. If such a transaction is construed as a sale of the note, as it could be, a carrier in immediate need of funds might be seriously embarrassed if it had to offer its notes at competitive bidding.

Summing up its argument, the Commission declared it "would be a waste of time and money to require competitive bidding in all cases. This is especially true in case of small issues and in case of smaller companies where most of the financing is done locally, or by individuals having a particular interest in the carrier."

Newspaper Publishers' Committee Named

Linwood I. Noyes President of the American Newspaper Publishers Association, announces the appointment of a committee of five members to serve as the organization's official representative in any procedure before Congressional committees. On the committee, authorized by a resolution adopted at the Association's recent convention in New York, it was stated in the New York "Times" are: Howard Davis, New York "Herald Tribune," Roy Roberts, Kansas City (Mo.) "Star," President of the American Society of Newspaper Editors; Charles P. Manship, Baton Rouge (La.) "State-Times and Advocate;" William Dwight, Holyoke (Mass.) "Transcript-Telegram," and J. S. Gray, Monroe (Mich.) "Evening News."

The resolution also permits the committee "to take such action as in their judgment seems necessary for the protection of the rights of newspapers to gather and disseminate important public information."

It further permits the committee "to take any action necessary to protect newspapers' sources of supply in both raw materials and man-power in order that the essential service of the press in support of the war effort shall be maintained."

Adoption of the resolution at the convention was referred to in our issue of May 6, page 1688.

Steel Union To Have Voice In Hiring, Firing—On 6-Day Week Basis

On June 1, Paul V. McNutt, Chairman of the War Manpower Commission, issued an order placing the steel industry on a 48-hour work week, effective Aug. 1 instead of July 1.

An unusual feature of this order according to the "New York Times," is that wherever a plant is not fully on a 48-hour week, the employer seeking new workers must first seek the approval of the WMP regional director, who is required to consult in advance with representatives of the trade union which is bargaining agent for the plant. Where workers can be released as a result of the 48-hour week order, a schedule of their release must be filed with the WMC regional director by Aug. 1.

Mr. McNutt estimates that the longer work week will free enough workers and stretch working time of those remaining sufficiently to "add the equivalent of 50,000 workers to the labor force by Aug. 1."

Before granting approval for the employment of new workers, the "Times" added, Mr. McNutt directed that the regional director "shall require full information as to the specific jobs and departments for which the hirings are to be made and shall satisfy himself that the employment needs for such jobs and departments could not be satisfied by the utilitization of other workers in the establishment who are not working on the basis of the minimum war-time work week."

Davies Returning With Stalin's Reply To FDR

Joseph E. Davies, President Roosevelt's special envoy to Soviet Premier Josef Stalin, arrived at Seattle on June 1 en route to report to the President in Washington, it was announced at Seattle by Major Fank E. Williamson, commanding the Air Transport and Control Detachment. In Moscow on May 27 Mr. Davies indicated that he had received from Premier Stalin a sealed letter replying to the President's secret letter which Mr. Davies delivered. No intimation as to the contents of the letter was given by Mr. Davies, who was at that time preparing to leave for the United States. After his third and final meeting with the Soviet leader Mr. Davies was reported to have said that Mr. Stalin "gave every indication that he was entirely in accord with the contents of the President's letter. Mr. Stalin spoke with great satisfaction about the way Churchill and Roosevelt are working in such close contact. In my opinion there is every evidence that these three men know all about each other's plans."

"In my opinion there is every evidence that these three men know all about each other's plans."

Mr. Davies, former Ambassador to Moscow, presented the President's letter to the Soviet Premier on May 20. He was honored at a State dinner on May 24 in the Kremlin and met Mr. Stalin again on May 27.

Pay On Rio Grande 6s

Holders of State of Rio Grande do Sul (United States of Brazil) 6% external sinking fund gold bonds due June 1, 1968, are being notified that funds have been remitted to its special agent, White, Weld & Co., for the payment of coupons due Dec. 1, 1940, at the rate of 17.5% of the dollar face value, or $5.25 per $30 coupon. These funds, says the announcement, have been remitted in accordance with the provisions of Presidential Decree No. 23829 of Feb. 5, 1934, as re-enacted and modified by Decree Law No. 2085 of March 8, 1940. The announcement also says:

"Cash payment of the above rate in full satisfaction of these coupons is now being made upon presentation and surrender of the coupons to the special agent at 40 Wall Street, New York.

"Unpaid coupons maturing Dec. 1, 1931, to Dec. 1, 1933, inclusive, must remain attached to the bonds for future adjustment."

Mullenix Criticizes OPA For Not Correcting Grave Rent Control Injustices

Declaring that the administration of rent control has not only been unreasonable, inequitable and, at times, even vicious, Charles A. Mullenix, President of the Mortgage Bankers Association of America, said on May 27 that an outstanding example of patriotism of those on the home front has been the fortitude and compliance on the part of real estate owners. He criticized the refusal of Price Administrator Prentiss M. Brown to do anything to correct what he termed great injustices in the administration of the rent control section of the price control act.

In an address before members of the Mortgage Bankers Association of St. Louis, Mr. Mullenix stated:

"The seriousness of rent control, particularly if extended beyond the emergency period and as it has been administered and is being administered now, requires the thoughtful consideration of all Americans. The administration of rent control has been not only unreasonable and inequitable, but at times vicious. Statements have been attributed to certain rent control officials to the effect that all rental housing should be Government-owned. The outstanding example of patriotism during the war (aside from the sacrifice of those in the service) has been the fortitude and compliance on the part of real estate owners."

"The price control act specifically states that nothing in it shall require a landlord to rent his facilities—and yet, in spite of all the unfair things that have been done to him, he has continued to rent those facilities because of the serious requirement of housing in the prosecution of the war. I understand that Senators and Congressmen have been flooded with telegrams from certain classes of labor, urging that the present inequitable and unfair administration of rent control be not disturbed. That same class of labor has benefited more as a result of increased wages than any other portion of our population."

World Court And Police Force Essential For Peace Organization: Sumner Welles

(Continued from first page)

period may be an epoch of economic co-operation and of rising living standards, rather than a time of cut-throat competition and of falling living standards for us all.

"The recognition—not merely in words, but in practice, as in the Western Hemisphere—of the principle of the equal sovereignty of all states, whether great or small. And together with this the establishment of the principle that the path must be prepared for the freedom and self-government of all peoples who desire their liberty, as soon as they are able to assume that right."

The Under Secretary of State warned:

"No one of us can afford to be so blind to his own self-interest as to pay any heed to those cynics whose voices we occasionally hear trying to tell the men and women of this country that just because there have always been wars in the past, there will always be wars in the future; that the surest way for us to save our own skins is for the United States to 'mind its own business,' and after this war is over once more to pretend that what goes on in the rest of the world does not affect every one of us here within the borders of our own country.

"The people of this country have seen that policy tried out and tail—utterly and miserably."

The Under Secretary cited the Pan-American solidarity of the American republics which he said was not brought into existence in a day nor achieved by "means of an initial blueprint," but was attained only over a period of many years.

"It may well be," declared Mr. Welles, "that the surest course for the United Nations to pursue would be the construction of an international organization by the same method of gradual evolution. By permitting sufficient elasticity of operation at the outset of the transition period, the practical ex-

perience undergone by the United Nations during the war as well as after the victory is won will presumably demonstrate clearly the type of organization which will most efficiently guarantee the securing of the basic objectives which they seek."

Cotton Week Of Value To Merchandising

The nationwide observance of Cotton Week (May 16-22) yielded results that will have an important bearing on the merchandising of cotton goods in the post-war era, according to a survey by the Cotton-Textile Institute Inc., and National Cotton Council, made made available May 24.

A joint announcement by the two organizations said:

"In all sections of the country, response of consumers to retail presentations of spring-summer cotton products was encouraging. In no single instance did stores resort to scare promotions. In practically all cases, merchandising emphasis was on the wearability, washability and style appeal of cotton apparel and home furnishings.

"In most cities sales were led by dresses, victory garden garments, work clothing and home furnishings. War uses of cotton were emphasized in those centers where shortages persist. Stores in these cities called attention to the ways in which billions of yards of cottons have been transformed from civilian articles into military material."

Charles K. Everett, Director of Merchandising, commented as follows:

"It is clearly evident from the measure of support given this year's event—even in the face of wartime merchandising difficulties—that Cotton Week has a secure place on the retail merchandising calendar.

"Just a preliminary check of Cotton Week advertising in the major cities across the country discloses the extraordinary measure of backing given Cotton Week. These advertisements clearly prove that cotton is experiencing the biggest season in all history. Our records also show that more window space was devoted to cotton last week than in any similar period in recent years."

FDR Reports Lend-Lease Passes $11 Billion Mark—Says Allies Now Have 'Striking Power'

President Roosevelt, in his quarterly report to Congress on May 25, said that lend-lease aid through April 30 totaled $11,102,472,000. In a letter transmitting the report, the President stated that now "we are outbuilding the aggressors in every category of modern arms" and "we are delivering them in the amounts necessary to build up the striking power for offensives that will end only in Berlin and Tokyo." Mr. Roosevelt added that "as lend-lease moves ahead in its third year, our armed forces, our supplies, and the combined efforts of the United Nations are driving ahead to complete victory over the enemy."

Of the $11,000,000,000 total aids, $9,214,238,000 represented goods transferred and $1,888,234,000 was in services rendered.

The President's report revealed that shipments to the United Kingdom from March, 1941, to April, 1943, totaled $3,116,000,000 while total lend-lease shipments to Soviet Russia from October, 1941, to last April 1 amounted to $1,822,000,000, not including "many hundreds of planes ferried by air." However, the President emphasized that more munitions have now been sent to Russia than to the United Kingdom, even though shipments to Russia did not start until six months after they began going to Britain. In munitions, Russia has now received $1,041,000,000 worth as compared with $881,000,000 for the United Kingdom.

The report did not indicate specific figures on China lend-lease since aid to this country was lumped with other Pacific and Asiatic destinations, such as India, Australia and New Zealand. However, the total amount for the entire area was given as $875,000,000.

The President reported that more than 1,000,000 tons of food were sent to Russia up to April 30, more than half of it in the last six months. In addition, 40% of all Soviet shipments in March were foodstuffs, the President said. The United States also has sent the Russians 10,000 tons of seed to replant the ravished farm areas of the Ukraine and to aid food production in newly developed regions behind the Urals and far in the Siberian interior. The President said:

"Shipments to Russia of military equipment have included thousands of planes, many tens of thousands of trucks, jeeps and other military motor vehicles, hundreds of thousands of miles of field telephone wire, several million pairs of army boots and large amounts of other military supplies. Lend-lease shipments have also included hundreds of thousands of tons of armor plate, steel, aluminum, copper, zinc, TNT and chemicals for the production in Russia of planes, tanks and bombs; electric furnaces, presses, forging hammers and various types of machine tools for Soviet arms factories; electric-power generating equipment for Soviet war industries and quantities of rails and other supplies for railroads and communications.

"American forces are not fighting or training on Russian soil, but the Soviet Union is providing American ships in Russian ports with emergency fuel, food, medical aid, repairs and other supplies as lend-lease in reverse."

In his letter submitting the report, Mr. Roosevelt commented at length on the Allied victory in North Africa. His letter follows in part:

"An entire continent—the continent of Africa—has now been cleared of the enemy. Its people have been freed from Nazi and Fascist rule. In Africa we have dealt a blow which is sorely felt in Berlin and Rome and Tokyo; and we have brought hope to millions still to be liberated. Liberation of Africa is a forerunner of the future.

"In the coming battles for Germany and Japan we shall need the full support and the full resources of the peoples of the newly liberated areas. This is a military and political necessity of the first order. Their fields can produce food not only for their own people but for the United Nations' forces. Their factories and mines can supply not only themselves but our armies as well.

"The peoples in liberated areas are enlisting in support of the United Nations' cause. Their support will reflect itself in active cooperation at the proper time by millions still to be liberated. They appreciate, as only those who lost freedom can appreciate, the compelling necessity for overthrowing tyranny.

"Our lend-lease operations in North and West Africa—the first of the liberated areas—have demonstrated how a freed people can aid in the defeat of the Axis. In this victory our military operations have been backed up by the friendly support of the peopels behind the lines. We also were aided by the new French armies. They were equipped with lend-lease weapons. They were and are an important part of the United Nations fighting forces. Aid has also been given us and the other United Nations by the liberated peoples of French Africa in the production and shipment of strategic and critical materials for our war production program.

"As we progress to victory the United Nations have brought and are bringing food for the starving and medicine for the sick in the area which we set free. Our promises are being fulfilled in deeds. Our integrity is enlisting the peoples and resources of these areas as effective fighting partners in the common fight against Axis aggression and tyranny.

"While Axis prisoners have streamed into captivity at the end of our campaign of liberation in North Africa, lend-lease has shipped greater and greater quantities of war material into the battle areas—and into the other countries allied with us."

Liberian President Sees President Roosevelt

President Edwin Barclay of the West African Negro republic of Liberia was welcomed at the White House on May 26 by President Roosevelt. Mr. Barclay was repaying a visit which Mr. Roosevelt made to him in January on his trip back to the United States from Casablanca. The Liberian President, who was accompanied by W. V. S. Tubman, the President-elect, was tendered a State dinner at the White House in the evening of May 26 with high officials of the Government present. Mr. Barclay spent the night at the White House, first member of his race to be a guest in the Executive Mansion.

On May 27 he made brief addresses to the Senate and the House, expressing pleasure at being permitted to view the processes of lawmaking in the United States. In his brief remarks to the Senate he said:

"I thank you very much for according the high honor of permitting me to watch for a few minutes the process of lawmaking of the United States Senate."

In the House, according to the Associated Press, he said that his country had derived its constitution from this nation and that its people were carrying out the democratic principles of government.

Finds Purchasing Rule Complicated By War

President Roosevelt had the following to say on May 25 in a message of greeting to the convention of the National Association of Purchasing Agents in New York:

"The job of purchasing for American industry and American institutions, both educational and governmental, has been made infinitely more complicated by an ever-growing number of wartime controls. I am confident that your meetings will produce an abundant understanding not only of the necessity for these controls, but of the means for improving and perfecting them."

In another message, James F. Byrnes, Economic Stabilization Director, according to the New York "Journal of Commerce" stated:

"No organization can have a deeper understanding of and respect for the objectives of the stabilization program than the National Association of Purchasing Agents. In their daily work, your members see dramatically enacted the basic fact that prices are costs. They know—many of them from experience in two wars—how increasing costs can retard war production by generating uncertainties, by stimulating speculative withholding from the market, and by inhibiting the forward planning of business executives. Professionally, at least, I am sure the purchasing agents are in favor of the stabilization program.

"In sending my greeting to your convention, may I express the hope that out of your meetings will come constructive suggestions for strengthening and improving the program. I assure you all interested officials will be delighted to receive them."

April Living Cost Up 1%

Living costs of wage earners and lower-salaried clerical workers in the United States continued their upward movement with a rise of 1% in April, according to advices to the National Industrial Conference Board made available May 27. The Board's cost of living index has been revised to take into account the realignment of purchasing habits resulting from rationing and war shortages. The Board states:

"Food prices again rose, this time 2.3% over March, and fuel and light was 1.4% higher. All other items remained unchanged.

"The Board's index of the cost of living (1923=100) stood at 104.0 in April as compared with 103.0 in March, and 97.1 in April, 1942.

"The level of living costs was 7.1% higher than that of a year ago. Food showed the greatest advance over April, 1942, with an increase of 17%. Other advances during the 12 months were: Clothing, 0.2%; sundries 2.5% and fuel and light, 4.5%. Housing declined 0.2%.

"The purchasing value of the dollar, on the basis of 100 cents to the dollar in 1923, which amounted to 97.1 cents in March, declined to 96.2 cents in April. It stood at 103.0 in April, 1942."

Concerning the revision of its index the Board says:

"The advent of food rationing and its effects on family purchasing habits have made it desirable to alter the family budgets which have been used in compiling the Conference Board's indexes of changes in living costs. This alteration which has been made to provide for the realignment of purchasing habits embraces all components of the indexes affected by rationing and shortages for which effects could be measured and for which reasonable allowances could be made."

Norman Davis Declares Red Cross Should Not Be Subject To Unionization

The assertion that it is felt that the American Red Cross "should not be subject to unionization, and consequent negotiations with labor unions on the subject of wages, hours and working conditions" is made in a directive to its employes, signed by Norman H. Davis, Chairman, and made public May 28. Posting of the directive some months ago followed efforts to unionize the organization's paid employees by the C. I. O. Social Service Employees Union of the United Office and Professional Workers of America, said the New York "Sun" of May 28.

Publicity of the text of the directive, sent to area managers of the Red Cross, followed allegations, it is said, by Bernard Segal, President of the Union, that its posting was an attempt to intimidate Red Cross employees. According to the "Sun" Stuart Brown, Public Relations Officer of the Red Cross in Washington, explained that the text of the directive was made public in order to clarify the organization's position.

As given in the paper referred to, the text of the directive follows:

"As you know the question of unionization of Red Cross employees has been under consideration at national headquarters with a view to developing a policy which might guide you in dealing with any situations that might arise in the area office or the chapters in your area.

"The chairman feels that the Red Cross should not be subject to unionization and consequent negotiations with labor unions on the subject of wages, hours and working conditions. The reasoning which supports this opinion is based on the following facts:

"1. Services to the armed forces in the United States and abroad: In these services Red Cross employees work with the armed forces, and hours and working conditions are subordinated to the exigencies of such services.

"2. Disaster work: In disaster work there can be no set limitation of hours nor can rules governing working conditions be followed. These must be governed by the nature of the emergency.

"3. The Congressional charters: This charter imposes specific obligations upon the Red Cross concerning aid to the Army and Navy and mitigation of suffering caused by pestilence, famine, fire, floods and other national calamities. These duties are peculiar to the Red Cross and must be discharged faithfully without regard to set rules or policies relating to hours, wages and working conditions.

"4. Volunteers: The majority of the Red Cross personnel contributes its services to the organizations on a volunteer basis.

"5. Non-profit: The Red Cross is a non-profit organization, working solely in the interest of humanity.

"6. Source of funds: The funds of the organization are obtained by voluntary subscriptions, made by individuals from every walk of life.

"7. Loyalty: To perform its functions effectively the Red Cross must be assured of the complete loyalty, devotion to duty, and allegiance of all of its employees under all conditions.

"This subject is one of nation-wide scope. Therefore it is requested that in any conversations or correspondence you or the members of your staff may have with local unions or others on the matter of unionization or wages, hours and working conditions you refer them to national headquarters for appropriate action. This course will insure consistency and tend to avoid misunderstanding.

"It is believed that responsible labor leaders will recognize the reasonableness of our policy and co-operate in its application."

Mr. Segal is reported as stating that his union will continue its efforts to organize the paid employees of the Red Cross.

Czech President Dr. Benes Concludes Speeches In U. S.

Dr. Eduard Benes, President of the Czechoslovakian government in exile, who has been in this country as President Roosevelt's official guest, ended on May 27 his series of addresses to the American people with a speech at Carnegie Hall in New York City.

In this talk as in his other public addresses, Dr. Benes emphasized his plea for post-war collaboration with Soviet Russia in order to form a European association.

Dr. Benes who was also a speaker at a luncheon of the Overseas Press Club in New York on May 26, was received by President Roosevelt on May 12, having been honored at a State dinner in the White House in the evening and staying as an overnight guest.

On May 13 he addressed both branches of Congress, held a reception for chiefs of diplomatic missions in Washington and was the guest of Secretary of State Hull at a dinner. His official visit in Washington closed on May 14 and he remained there informally until May 19.

In his address to Congress, President Benes declared:

"I feel authorized to declare on behalf of my nation here in the Washington Capitol, that after the final victory in this great war is achieved the Czechoslovak nation will reconstruct its old home rapidly and successfully by its untiring efforts, remaining faithful—as it always was during the difficult periods of its long history—to the democratic way of life, to the principles of spiritual and religious freedom, and to the ideals of peace and peaceful international collaboration, considering itself again the godchild of the great and glorious Republic of the United States."

Simultaneously with the arrival of President Benes in Washington, the Czechoslovak legation was raised to the rank of Embassy, with Valdimir Hurban, the Minister, becoming Ambassador. The promotion of Anthony J. Drexel Biddle from Minister to Ambassador to the Czechoslovak Government was sent to the Senate for confirmation.

After leaving Washington, Dr. Benes came to New York City where on May 19 he told the Council on Foreign Relations that he expects the war in Europe to end suddenly, probably next year, and urged the United Nations to be prepared to reconstruct Europe properly. He said that the status of central Europe depends on solving the German problem—by removing the threat of a new war—and reaffirmed the intention of his government to reach an agreement with the Soviet Union for a confederation of States.

On May 22 Dr. Benes told the Chicago Council on Foreign Relations that the independence of the small European nations and states "is now and will be in the future vital to the peace of Europe and the world". He reiterated his approval of a plan for a post-war confederation. After several other public appearances in Illinois, he returned to New York and was given an official reception at City Hall on May 28 by Mayor F. H. LaGuardia and a committee of 1,500 citizens.

Churchill Pledges All-Out War On Japan; Says Allies 'Will Take Weight Off Russia'

Calls For Destruction Of 'Monstrous Tyrannies' Of Germany And Italy

Speaking at a joint session of the Senate and House of Representatives on May 19, the British Prime Minister, Winston Churchill, reverted especially to the warfare against Japan, as to which he said, "let no one suggest that we British have not at least as great an interest as the United States in the unstinting and relentless waging of war against Japan." He went on to say: "And I am here to tell you that we will wage that war side by side with you in accordance with the best strategic employment of our forces, while there is breath in our bodies and while blood flows through our veins." Continuing his remarks regarding Japan, the Prime Minister stated that "it is the duty of those who are charged with the direction of the war to overcome at the earliest moment the military, geographical and political difficulties and begin the process so necessary and desirable of laying the cities and other munitions centers of Japan in ashes, for in ashes they must surely lie before peace comes back to the world." Mr. Churchill, who arrived in Washington on May 11, had once before during the present war, addressed Congress, viz. on Dec. 26, 1941, his remarks at that time having been referred to in our issue of Jan. 8, 1942, page 106. In speaking before Congress on May 19 the Prime Minister said that President Roosevelt and he hoped that soon they would be able to meet personally with Soviet Premier Josef Stalin and, if possible, Chinese Generalissimo Chiang Kai-shek. He added, however, that he was unable to say when or where such a conference might occur.

He made it plain that "we must do everything in our power that is sensible and practicable to take more of the weight off Russia in 1943;" at the same time he emphasized that immediate aid to China is one of the most urgent tasks and expressed confidence that the submarine menace, while still the greatest danger to be faced, will be overcome.

Asserting that "undue prolongation of the war" is a grave danger on which the Axis hopes to split the Democracies, Mr. Churchill called for vigilance against any tendency which diverts "from the supreme objective of the general victory of the United Nations." He added:

"By singleness of purpose, by steadfastness of conduct, by tenacity and endurance, such as we have so far displayed, by these, and only by these, can we discharge our duty to the future of the world and to the destiny of man."

Mr. Churchill also said it was his conviction that "there is nothing more important for the future of the world than the fraternal association of our two peoples both in war and peace."

Observing that "the Japanese have seized the lands and islands they so greedily coveted," the Prime Minister asserted that all this has to be retrieved "and all this and much else has to be repaid." He further said:

"A notable part in the war against Japan must, of course, be played by the large armies and by the air and naval forces now marshaled by Great Britain on the eastern frontiers of India. In this quarter there lies one of the means of bringing aid to hard-pressed and long-tormented China. I regard the bringing of effective and immediate aid to China as one of the most urgent of our common tasks. . . . I repudiate, and I am sure with your sympathy, the slightest suspicion that we should hold anything back that can be usefully employed, or that I and the Government I represent are not as resolute to employ every man, gun and airplane than can be used in this business as we have proved ourselves ready to do in other theaters of the war."

Other significant passages of Mr. Churchill's address follow:

In our conferences in January 1942, between the President and myself, and between our high expert advisers, it was evident that while the defeat of Japan would not mean the defeat of Germany, the defeat of Germany would infallibly mean the ruin of Japan.

The realization of this simple truth does not mean that both sides should not proceed together and indeed the major part of the United States forces is now employed on the Pacific front. In the broad division which we then made of our labors in January, 1942, the United States undertook the main responsibility for prosecuting the war against Japan, and for aiding Australia and New Zealand to defend themselves against a Japanese invasion which then seemed far more threatening than it does now.

On the other hand, we took the main burden as the Atlantic, which was only natural, and unless the ocean lifeline which joins our two peoples can be kept unbroken, the British Isles and all the very considerable forces which radiate therefrom, would be paralyzed and doomed.

We have willingly done our full share of the sea work in the dangerous waters of the Mediterranean and in the Arctic convoys to Russia, and we have sustained since our alliance began more than double the losses in merchant tonnage that has fallen upon the United States.

On the other hand again the prodigious output of new ships from the United States building yards has now for six months past overtaken and now far surpasses the losses of both Allies. And if no effort is relaxed there is every reason to count upon a ceaseless progressive expansion of Allied shipping available for the prosecution of the war. . . .

It is our settled policy, the settled policy of our two staffs and war-making authorities, to make it impossible for Germany to carry on any form of war industry on a large or concentrated scale, either in Germany, in Italy or in the enemy-occupied countries. Wherever these centers exist or are developed they will be destroyed and the munitions population will be dispersed.

If they don't like what's coming to them, let them disperse beforehand on their own.

This progress will continue ceaselessly with ever-increasing weight and intensity until the German and Italian peoples abandon or destroy the monstrous tyrannies which they have incubated and reared in their midst.

Meanwhile our air offensive is forcing Germany to withdraw an ever larger proportion of its war-making capacity from the fighting fronts in order to provide protection against the air attacks. Hundreds of fighter aircraft, thousands of anti-aircraft cannon, and many hundreds of thousands of men, together with a vast share in the output of the war factories, have already been assigned to this purely defensive function. All this is at the expense of the enemy's power and new aggression or of the enemy's power to resume the initiative.

Surveying the whole aspect of the air war, we cannot doubt that it is a major factor in the process of victory. That, I think, is established as a solid fact. It is all agreed between us that we should at the earliest moment similarly bring our joint air power to bear on the military targets in the homeland of Japan. . . .

At the present time, speaking more generally, the prime problem which is before the United States and to a lesser extent before Great Britain, is not so much the creation of armies or the vast output of munitions and aircraft. These are already in full swing and immense progress, prodigious results, have been achieved.

The problem is rather the application of those forces to the enemy in the peak of U-boat resistence across the great ocean spaces, across the narrow seas, or on land, through the swamps, mountains and jungles in various quarters of the globe. That is our problem.

All our war plans must, therefore, be inspired, pervaded, and even dominated by the supreme object of coming to grips with the enemy under favorable conditions or, at any rate, tolerable conditions. We cannot pick and choose too much. On the largest possible scale at the earliest possible moment, and in engaging that enemy wherever it is profitable and, indeed, I might say, wherever it is possible to do so.

Thus, in this way, shall we make our enemies in Europe and Asia burn and consume their strength on land, on sea and in the air with the maximum rapidity. . . .

Not for one moment must we forget that the main burden of the war on land is still being borne by the Russian Army.

They are holding at the present time no fewer than 190 German divisions and 28 satellite divisions on their front. It is always wise while doing justice to one's own achievements to preserve a proper sense of proportion and I therefore mention that these figures of the German forces opposite to Russia compared with the equivalent of about 15 divisions which we have destroyed in Tunisia after a campaign which has cost us about 50,000 casualties. That gives some measure of the Russian effort and of the debt which we owe to her.

It may well be that a further trial of strength between the German and Russian armies is impending. Russia has already inflicted injuries upon the German military organism which will, I believe, prove ultimately mortal. But there is little doubt that Hitler is reserving his supreme gambler's throw for a third attempt to break the heart and spirit and destroy the armed forces of the mighty nation which he has already twice assaulted in vain. He will not succeed.

But we must do everything in our power that is sensible and practicable to take more of the weight off Russia in 1943.

I do not intend to be responsible for any suggestion that the war is won or that it will soon be over. That it will be won by us I am sure, but how and when cannot be foreseen, still less foretold.

Arthur Made Director

The Board of Governors of the Federal Reserve System announced on May 24 the appointment of W. C. Arthur, President of Talon, Inc., Meadville, Pa., as a director of the Pittsburgh branch of the Federal Reserve Bank of Cleveland, for the unexpired portion of a term ending Dec. 31, 1944. It was stated by M. J. Fleming, President of the Cleveland Reserve Bank, that the appointment was in keeping with the policy of appointing as directors of both main office and branch boards, men of outstanding ability whose records are such as to inspire public confidence. It also follows the previously announced policy of creating and maintaining close contacts with the business interests of the district.

Over 137 Government And Private Agencies Engaged In Research On Post-War Problems

More than 137 important government and private agencies in the United States, outside of state and local groups, are engaged in research or public education on a national scale on the problems that will face the United States when the war ends, according to the findings of a recent investigation by The Twentieth Century Fund which was made public May 17. The survey, completed early in 1943, covers 32 more agencies than were reported in a previous investigation of the fund covering the same field made a year ago. The advices from the Twentieth Century Fund state:

"The survey reveals the fact that more than a third of these agencies were devoting major attention to problems involving international relations. Business and financial questions come next in popularity. Other major fields of interest are: agriculture, consumer and security problems, education, engineering, general economic and social problems, housing and urban redevelopment, Jewish problems, labor, legal problems, public discussion and opinion, public works, and transportation."

In stating that "the Fund's survey demonstrates that the efforts now being made to work out constructive policies to meet postwar problems far exceed anything that was done in World War I," Evans Clark, Executive Director of The Twentieth Century Fund, in releasing the results of the investigation, added:

"And this time, in sharp contrast to last, all the interests of the nation—capital, labor, agriculture and the consumer—seem to agree on a constructive peacetime goal: what is generally called 'full employment.' This term has yet to be clearly defined in the public mind, but it well describes an almost universal agreement that we must make the maximum use of our productive capacity in peace times and keep at a minimum the unemployment of those who are willing and able to work."

George B. Galloway, of the Fund Staff, in cooperation with J. Frederic Dewhurst, the Fund Economist, has been in charge of the investigation, and has compiled a report of the findings entitled "Postwar Planning in the United State: An Organization Directory, 2." It is further announced:

"Included in the report are 109 private and 28 public groups, most of the latter being agencies of the Federal Government. All of the organizations included are located in the United States and carry on a continuing program on a national or international basis. Among the 109 private agencies, 52 are of a research and educational character; 30 are commercial, industrial and financial organizations; 10 are religious and welfare groups; 8 are professional societies; 7 are women's organizations, and 2 represent labor unions.

"How to lessen the shock of converting our economy to peacetime production, questions of re-employment of men and women now in war industries and the armed services, and methods by which the American economy can be maintained at 'full employment' and production levels are basic subjects for study by more than one-fourth of the agencies, including both government and private groups.

"A large number of business and trade organizations, including the Chamber of Commerce of the United States, the National Foreign Trade Council, the Association of American Railroads, the Committee for Economic Development and others, are doing extensive work looking toward the post-war maintenance anl expansion of business activities. Some of the chief government agencies, including the Department of Commerce and the Department of Agriculture, are making extensive investigations now to assemble facts that will help our national economy to function efficiently after the war is over.

"The need for speedy reconversion from war to peacetime production with the maintenance of consumer purchasing power during this transition is recognized by many agencies. The National Economics Unit of the Bureau of Foreign and Domestic Commerce is studying the questions in this field, as well as analyzing the postwar markets for goods and services to determine to what extent these markets will be expanded above the prewar level if we are successful in achieving maximum postwar employment. Other agencies, including the Bureau of Labor Statistics of the U. S. Department of Labor, the National Association of Manufacturers, the National Resources Planning Board, and the National Planning Association, are devoting part of their current studies to this field."

U. S. And Mexico Agree On Importing Workers

The State Department announced on May 1 that an agreement has been concluded between the United States and Mexico for importation of non-agricultural workers from below the border to help meet "serious shortages of man power."

Associated Press Washington advices of May 1 reported the following:

The Department said 15,000 agricultural workers from Mexico are already in this country aiding in the production of essential war crops, that 7,000 more are expected to be contracted for during May, and that the total for the year may reach 50,000.

The first non-agricultural workers to be imported are 6,000 maintenance-of-way employees for southwestern railroads, the need for whom has been certified by the War Man Power Commission.

The agreement was concluded yesterday. Technical amendments also were incorporated in the agreement for importation of agricultural workers.

The agreement, the department said, guarantees wage rates, living conditions and repatriation for the Mexicans and specifies they shall not replace American labor for the purpose of reducing rates of pay. The workers are to be exempted from compulsory military service in the United States.

Urges Full-Time Schedules On May and July Holidays

Donald M. Nelson, Chairman of the War Production Board, on May 11 called for regular, full-time working schedules in essential war plants over the Memorial Day and Independence Day week-ends. Wherever feasible, Mr. Nelson said, traditional civic observances of the holidays should be held on Sunday. The WPB Chairman added:

"The capture of Bizerte and Tunis shows that the weight of United Nations' total war effort is bringing magnificent results on the field of battle. We must work all the harder to take full advantage of the victories that the fighting men of our country and our Allies are winning.

"By having the usual civic celebrations on May 30 and July 4 on Sunday we can keep production at higher levels than if the observances of these historic holidays are held on Mondays."

March Lend-Lease Exports Reach New High—Increased Aid To Soviet Union Disclosed

Lend-lease exports in March were the highest on record, totaling $708,000,000, or 20% more than in the previous high month and more than twice the value of exports in the corresponding month a year ago, it was disclosed on May 6 by Edward R. Stettinius, Jr., Lend-Lease Administrator.

In a special report on lend-lease shipments to the fighting fronts, Mr. Stettinius said that the cumulative value of lend-lease exports from March 11, 1941, to April 1, 1943, was $7,104,731.000. The estimated valued of lend-lease planes ferried by air and lend-lease ships sailed away under their own power was $675,000,000 additional. Mr. Stettinius explained that the difference between the value of lend-lease supplies sent overseas and the $10,319,518,000 value of total lend-lease aid is made up principally by services rendered totaling $1,825,383,000 and by goods transferred for use in this country or not yet exported.

Mr. Stettinius further reported: "Many thousands of lend-lease planes and tanks and $600,000,000 worth of lend-lease trucks and other military motor vehicles have been sent into action against the enemy by our Allies principally on the Russian and Tunisian fronts. Lend-lease planes are also playing an important part in the air offensive being waged on Axis Europe from the British Isles. In the Far East, lend-lease tanks and planes with Australian crews are fighting side by side with American forces in New Guinea and United Nations forces in India, Burma and China are also armed in part through lend-lease.

"These shipments have made up a comparatively small part of the total weight of United Nations arms in action up to now against the Axis, but they are making themselves increasingly felt. Shipments of munitions have been supplemented by raw materials and equipment used by our allies to produce more munitions in their own factories, together with food for their soldiers and production workers.

"Lend-lease exports by military theatre for the period ending April 1, 1942, compared with the period ending April 1, 1943, were as follows:

	March 11, 1941 to April 1, 1942	April 1, 1942 to April 1, 1943
United Kingdom	$886,233,000	$2,230,602,000
Soviet Union	162,221,000	1,663,256,000
Africa and Middle East	169,746,000	870,017,000
China, India, Australia and New Zealand	138,532,000	753,193,000
All Other	55,373,000	175,558,000
Total	$1,412,105,000	$5,692,626,000

Russia

"From the beginning of the lend-lease program for Russia on Oct. 1, 1941, to April 1, 1943, more than 3,500,000 gross long tons of supplies were shipped to the Soviet Union from the United States.

"In the first three months of 1943 these shipments were 35% more than in the preceding quarter and more than twice the total shipped in the first three months of last year.

"In spite of losses, suffered principally on the North Russian route, the overwhelming majority of lend-lease supplies to Russia is arriving. A large proportion of them has been shipped by the Persian Gulf route via Iran. This route has been greatly expanded with the aid of lend-lease funds. The capacity of the Trans-Iranian railroad, now operated by the United States Army, has been multiplied, new highways have been built on old caravan trails, thousands of American trucks furnished to carry the supplies into Russia, and great airplane assembly plants laid out in desert regions.

"In addition to several thousand planes sent to the Soviet, many by air ferry routes, we have shipped many tens of thousands of trucks, jeeps and other military motor vehicles and hundreds of thousands of tons of steel and armor plate, copper, brass, aluminum, zinc, TNT, toluol and other chemicals for Soviet production of planes, tanks, trucks and bombs. We have sent large quantities of rails for Soviet railroads, signal and other communications equipment and lesser quantities of electric furnaces, presses, forging hammers, and many types of machine tools for Soviet arms factories.

"Food shipments to the Soviet this year have top shipping priority along with aircraft and motor vehicles. This is necessary in order to maintain the rations of the Soviet army. For two successive years the Nazis have held the Soviet's principal wheat and beet-sugar producing areas in the Ukraine. The shortage of proteins and fats—vital energy-producing foods—has also become increasingly serious.

"Almost 1,000,000 tons of food have been shipped to the Soviet Union up to April 1 and a considerable part of last month's shipments were foodstuffs.

"Principal tonnages of food sent have been wheat and wheat flour, sugar, canned meats, dried peas and beans, lard, and vegetable oils including margarine. Most lend-lease shipments of dehydrated vegetables are now also going to Russia. We have sent 8,000 tons of seeds to grow food in newly developed agricultural areas behind the Urals and far in the interior of Siberia.

North Africa and Middle East

"Lend-lease General Sherman tanks and tank destroyers have fought beside British Valentines and Churchills with the British 8th Army all the way from El Alamein to the gates of Tunis. Lend-lease medium bombers and fighters have made up an important part of the 8th Army's air arm. Tens of thousands of lend-lease trucks have rolled in endless lines on the long desert roads behind Montgomery's striking forces, bringing up supplies from bases far in the rear.

"These are the result of lend-lease shipments for British forces in Egypt that began many months ago. Lend-lease exports to the Middle East and Africa, most of which went to Egypt, have totaled more than $1,000,000,000 since the beginning of the lend-lease program. In addition many planes were ferried across Africa by air along routes which lend-lease helped develop.

"In the past six months alone lend-lease exports to Africa and the Middle East have totaled $600,000,000, most of them munitions. This figure does not include planes ferried by air nor the value of American equipment provided to the French forces under General Giraud which has enabled them to take an important place in the Tunisian offensive. Nor does it include lend-lease equipment used by General Anderson's British First Army which was provided under lend-lease but shipped on from the United Kingdom instead of direct from the United States. Most of the arms used by British forces in the Tunisian campaign were produced in British factories with the help of raw materials and machinery sent from the United States, but American arms placed in British hands through lend-lease are playing an important part on land and in the air. Similarly the British have provided large quantities of supplies for American forces as reciprocal aid, in addition to a majority of the cargo ships, transports and warships in the supply convoys sent from the United States and the British Isles.

"Besides military equipment, lend-lease shipments of food, clothing, medicines and other necessities of life totaling almost 160,000 tons have been sent to the people of North Africa. The first of these shipments for newly-liberated areas of Tunisia is now on the way. These shipments are essential to the success of military operations, and have been made to carry out the President's promise that: 'No one will go hungry or without the means of livelihood in any territory occupied by the United Nations, if it is humanly within our power to make the necessary supplies available to them.' Lend-lease has also sent agricultural, mining and transportation equipment to aid in the production of food in North Africa for United Nations forces and of strategic raw materials needed for war production in this country and Great Britain.

Other Areas

"The following table shows the dollar value of lend-lease exports by category to the Far East, India and the United Kingdom, as well as to Russia and Africa. In addition large amounts of munitions and other necessary war supplies paid for in cash by our allies have been sent to these areas. Cash purchase shipments to the United Kingdom have totaled $1,414,000,000 since March 11, 1941, compared to $3,117,000,000 off lend-lease shipments to the British Isles. Many lend-lease supplies exported to the United Kingdom have been shipped on for the use of British forces on other fighting fronts."

Following is a table showing lend-lease exports by category and military theatre:

LEND-LEASE EXPORTS

Cumulative from March 1941 through March 31, 1943—Thousands of Dollars

Types of Goods	U.S.S.R.	United Kingdom	Africa & Middle East	China, India, Australia & New Zealand	Other	Total
Ordnance	280,891	412,588	288,077	227,653	64,576	1,273,785
Aircraft	328,975	198,613	136,014	148,272	75,077	886,951
Tanks	179,820	103,944	130,324	116,461	17,277	347,826
Motor vehicles	229,822	89,747	153,125	114,302	17,354	604,350
Watercraft	27,888	81,452	15,138	6,939	14,197	145,614
Industrial products	461,348	965,780	260,330	240,268	34,266	1,961,992
Agricultural products	316,733	1,264,711	56,755	37,830	8,184	1,684,213
All commodities	1,825,477	3,116,835	1,039,763	891,725	230,931	7,104,731

Factory Workers' Hours And Earnings In March Showed Increases, Labor Department Reports

The average hours worked per week in all manufacturing industries were 44.8 in March, 1943, about 5% above March, 1942, Secretary of Labor Perkins reported on May 17. "There was an increase of 0.7% in average hours worked between February and March which when combined with the increase in employment resulted in an increase in total hours worked per week of more than 8,000,000," she said. Secretary Perkins further stated:

"The work-week in both the durable and the non-durable goods groups showed increases over the month and the year, the non-durable increasing 2.4 hours since March a year ago and a half hour since February, 1943. Corresponding increases for the durable goods industries were 1.4 hours and 0.2 of an hour, where schedules of 48 hours or more have characteristically been worked since Pearl Harbor.

"Of the 11 durable-goods industries which showed decreases in the average hours worked per week since February, 1943, all but two, firearms and locomotives, increased employment sufficiently to more than offset the decreases in hours. Reports from both the firearms industry and the locomotives industry (largely engaged in the production of tanks) indicated that decline in total hours were due to completion of some government contracts. The average hours worked in both of these industries were still in excess of 48 per week.

"Four of the seven non-durable industries which showed declines in the work-week over the month also showed declines in the total hours worked per week. These were leather, canning and preserving, book and job printing, and cottonseed oil. The declines in all of these industries were of a seasonal nature.

"Of the seven durable-goods industries which reported a shorter work-week in March, 1943, as compared with March, 1942, six industries—firearms, machine tools, locomotives, aircraft and parts, aircraft engines, and shipbuilding—each had a scheduled work-week in excess of 48 hours. The average hours per week in the cement industry was 40.7, 0.8% less than in March, 1942. Only two of the non-durable industries, butter and beet sugar, showed declines in average hours over the year. In spite of this decline the butter industry had a scheduled work-week of more than 48 hours. The work-week in the beet sugar industry averaged 39.4 indicating a scheduled work-week of more than 41 hours.

"Of the 14 non-manufacturing industries for which man-hour data are available, four averaged lower hours per week in March, 1943, than in March, 1942—metalliferous mining, dyeing and cleaning, hotels, and retail trade. The largest increases over the year occurred in bituminous coal mining, 21.7%, and in anthracite mining, 18.9%. The average hours worked per week in these industries were 38.3 and 41.2 respectively. The two coal mining industries measure time spent at the face of the coal rather than time after reporting for work at the mine, and therefore the hours worked in coal mining should not be compared with time worked in manufacturing industries.

"Hourly earnings in March, including overtime premiums and shift differentials, averaged 103.0 cents in the durable-goods industries, an increase of 14.3%, since March, 1942. An increase of 12.3% over the same period in the non-durable goods industries raised hourly earnings in that group to 78.2 cents. All the major durable and non-durable industry groups contributed to the increase in hourly earnings over the year.

"Declines in hourly earnings since February, 1943, were reported in five of the major non-manufacturing industry groups—anthracite mining, telephone and telegraph, electric light and power, wholesale, and retail trade. However, all the non-manufacturing industries reported increases in hourly and weekly earnings over the year interval.

"Weekly earnings in all manufacturing industries averaged $41.84 in March, 1943, as compared with $41.12 in February, 1943, and $34.63 in March, 1942. Average weekly earnings in the durable-goods group was $47.79 and in the non-durable $33.24. Each of these figures are about 20% higher than the earnings in March, 1942."

Second War Loan Drive At $18,533,000,000

The record-breaking Second War Loan drive for $13,000,000,000, which ran from April 12 to May 1, was over-subscribed by $5,330,000,000, it was announced on May 10 by Under Secretary of the Treasury Daniel W. Bell.

As a result of the success of this drive, Mr. Bell said that plans for another campaign in August have been postponed until September.

Mr. Bell made public a breakdown of the subscriptions showing that $12,550,000,000 came from non-banking sources, $5,048,000,000 from banks and $935,000,000 from other sources. The banks were held to this amount, although they subscribed their allotments many times over.

The Atlanta Federal Reserve District led all others in the drive, subscribing 179% of its non-banking goal. The Cleveland district ranked second with 177 per cent, Minneapolis third with 169%, Richmond fourth with 168%, Dallas fifth with 167%, New York, Chicago and St. Louis tied for sixth place with 162% each, Kansas City seventh with 150%, Boston eighth with 137%, Philadelphia ninth with 136%, and San Francisco tenth with 124%.

The Treasury gave the following totals of subscriptions to securities offered during the Second War Loan drive:

Non-banking investors: (A) individuals, partnerships, and personal trust accounts, $3,290,000,000; (B), insurance companies, $2,408,000,000; (C) savings banks, $1,195,000,000; (D) eleemosynary institutions, $117,000,000; (E) State and local governments, $503,000,000; (F) other corporations and associations, $5,038,000,000; (G) subtotal—all non-banking investors — $12,550,000,000.

Banking sources (allotments only)—$5,048,000,000.

Other sources: (A) dealers and brokers, $544,000,000; (B) U. S. Government agencies and trust funds, $391,000,000.

Total—all investors — $18,533,000,000.

In paying tribute to the response of the public, Secretary Morgenthau on May 1 warned, however, that "even this performance must be bettered in the future." His statement follows:

"I am greatly pleased by this entirely voluntary investment by the people in victory. The unprecedented sum borrowed in this campaign reflects the earnestness and vigor of our national war effort.

"In this, as in other ways, a crushing superiority of United Nations armaments is assured and the defeat of our enemies made inevitable.

"I am especially pleased that the increase in total subscriptions over the initial goal has come entirely from non-banking sources. This is the high road of non-inflationary borrowing.

"But even this performance must be bettered in the future. Both during the drives and in the intervals between them it is important that all who have regular incomes or accumulated funds make steady purchases of the several issues of savings bonds and tax-saving notes which are available at all times."

Mr. Morgenthau also expressed his thanks to the thousands of volunteer workers and others who had helped in the greatest financing drive in world history.

The opening of the Second War Loan drive on April 12 was referred to in our issue of April 15, page 1377.

Steel Operations Off About 1%—48-Hour Week Extended To All Branches Of Steel Industry

"Holding the industry's spot attention on Tuesday of this week was the stoppage of coal mining, second interruption of the season, catching the industry at a time when its stocks are poor," the "Iron Age" states in its issue of today (June 3), further adding: "One of the largest by-product coke plants which serves some of the mightiest of the nation's steel plants is said to have only a 10 days' supply, an exceedingly slim lifeline. Therefore, if the coal strike lasts for a week, a severe drop in steel output will occur, and even if it ends within a few hours the position of the steel industry from the standpoint of its coke stocks will be further impaired.

"Sporadic, outlaw strikes at Western Pennsylvania mines have been a constant source of concern to the steel industry in recent weeks, while the beehive coke supply situation has been growing tighter and tighter.

"The coal strike wasn't the only surprise born in Washington this week for the steel industry. The 48-hour week came back into the spotlight with the announcement of instructions providing for the extension of the longer working week to all branches of the steel industry. Significantly, the instructions provide that regional directors of the War Manpower Commission shall consult with representatives of organized labor before granting temporary exemptions for the 48-hour order of May 1. This power given labor is considered by some authorities as another blow against management.

"In still another direction the steel industry is watching developments closely. The reported recent attempt of the OPA to roll back tubular steel prices is interpreted in some quarters as the opening wedge to roll back the prices of all profitable items. OPA has assured some people that by the same virtue non-profitable items will be studied with a view toward raising them, if necessary. This, of course, is not shared by some steel people—nor is it taken seriously. The OPA for some time has been attempting to obtain cost figures on the steel industry but has not been successful to any great degree. By threatening cost reductions they may obtain the figures which some divisions of the OPA have been after for some time.

"Steel sellers, unaccustomed to small order backlogs, may have given the impression they needed business when they sought recently to drive in CMP allocations, which have been slow coming to mills, particularly in alloy steel where inventories perhaps were higher than in some other lines of steel. Another factor believed to have bearing on the question is the desire of some steel makers to improve their 'product mix' that all principal departments may be operating at peak efficiency and as profitably as possible.

"As to whether order volume is up or down for the steel industry, all the significance that this index formerly held vanished almost entirely when CMP and its controls were instituted."

The American Iron and Steel Institute on June 1 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 98.4% of capacity for the week beginning May 31, compared with 99.3% one week ago, 98.2% one month ago and 99.3% one year ago. This represents a decrease of 0.9 point or 0.9% from the preceding week. The operating rate for the week beginning June 1 is equivalent to 1,704,000 tons of steel ingots and castings, compared to 1,719,500 tons one week ago, 1,700,500 tons one month ago, and 1,686,700 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on May 31 stated in part as follows:

"Steelmakers are booking an increasing number of orders for delivery during first quarter next year and even into second quarter. These cover requirements for long-range war programs and are accompanied by CMP allotment numbers.

"These orders are being accepted by producers with sizes and quantities to be specified later. Orders are placed so far in advance to give advantageous position on mill books, though subject to change as requirements develop. Included in this forward buying are plates, wire and wire products, strip and aircraft materials.

"Backing up this remote buying is the fact that mills in general are sold practically through third quarter and into fourth quarter on plates, bars, wire, sheets and strip, with little open capacity for that delivery. Some tonnage can be accepted for July and August but this is becoming more difficult to place week by week.

"Wire and specialties are in strong demand, largely for aircraft work and other war requirements and deliveries are lengthening steadily. To obtain third quarter shipment often requires much shopping. Producers able until recently to give better than average promise now are filling up so that they cannot offer any advantage. Some PRP tonnage will not be shipped before the June 30 deadline and disposition of such orders has not been decided.

"Sheet capacity for third quarter is filling rapidly, especially in hot-rolled, some mills being completely filled and others able to accept small lots. Need for strip for the aircraft industry is increasing. Some producers are sold up to their directive quotas into October. Many changes in specifications are being made in alloy strip to improve deliveries to meet schedules of users.

"Radical changes have been wrought by war conditions on the structural shape market. Restrictions on building have eliminated nearly all demand for beams and heavy sections and fabricators now are engaged on miscellaneous work, largely for shipbuilding. For this only lighter sections are required. Fabricators now use a larger proportion of plates, heavy sheets and bars, with greatly reduced need for shapes. On these lighter materials many mills are sold up to their quotas for third quarter and in some cases beyond. Shape mills in general are at 60 to 65% of capacity, with some slightly higher on account of shipyard affiliations.

"Machine tool buying continues to slacken and deliveries exceed new purchases, but few orders are held back or cancelled.

"Scrap is in good supply and quality is better, industrial, railroad and agricultural grades predominating over the lighter material that made up most of offerings a few months ago. Flood conditions have delayed delivery in some areas, notably St. Louis and Buffalo. Reserves are sufficient to carry melters until normal conditions return."

Admiral Glassford In French West African Post

President Roosevelt appointed on May 26 Rear Admiral William A. Glassford as his personal representative in French West Africa with the rank of minister. The State Department said that Admiral Glassford will head an American mission at Dakar to coordinate and supervise American activities in that area.

Controlled Economy vs Free Enterprise

(Continued from first page)

be well to sow and cultivate the seeds now—it is essential that they make possible a continuance of private enterprise. The competitive spirit must be upheld. Personal incentive and initiative must be recognized. Private capital must be allowed to accumulate in order to finance the re-conversion of plants from war to peacetime operations. This is also necessary for new enterprises and research work as well as for rehabilitation of worn-out properties. The investor must be given an opportunity to participate in post-war business.

Taxation now and in future will be heavy, but it should not approach the confiscation point. Furthermore, provided that businessmen and investors are allowed to make reasonable profits, there will be little objection to paying necessary taxes. Government borrowing of huge sums to be spent "for spending's sake" must stop. Our past 10 years of colossal spending without regard for services received proved to be a disastrous experiment. Further borrowing or spending after the war for purely public benefit can only hasten the worst effects of inflation; but these mistakes may not be repeated.

From War to Peace

Before we enter the post-war period, we must go through the transition stage. Some concerns may be able to re-convert from war to peacetime operations within a few months. For the most part, however, there will be no sudden return to pre-war living. It seems certain that we shall continue an armed nation for many years after hostilities cease. Hence, I do not expect our armament industry to collapse overnight. Relations with our Allies, the affairs of labor and management, the relationship of government and business will be an important part of this transition picture.

I see that Mayor La Guardia of New York, for whom I have great respect as a public administrator, wants Washington to spend $300,000,000 now on post-war plans. He further wants Congress to authorize the spending of $9,000,000,000 as a nine-year grant to cities and towns to relieve unemployment. Whether such a program would be a continuance of waste, a furtherance of inflation and make for an even greater bureaucracy, I leave for my readers to decide. Certainly, I do not believe that such a program would appeal very much to our returning service men. They will want real work—not an excuse to draw a pay check.

Extend Newspaper Panel

The National War Labor Board announced on May 23 that it has extended indefinitely the operations of the Daily Newspaper Printing and Publishing Panel, pending review of the panel's work to determine whether it would be established permanently.

The panel was created on Feb. 24 for a 90-day experimental period; referred to in our issue of March 18, page 1022.

Robert K. Burns, Chairman of the Advisory Panel, and also Chairman of the Sixth Regional War Labor Board, with headquarters in Chicago, reported on May 25 that the panel has completed action on 489 cases of the 798 cases filed involving labor questions within the daily newspaper industry.

Frederick S. Deibler, Professor of Economics and History at Northwestern University, is Vice Chairman of the Panel. Mr. Burns and Mr. Deibler represent the public while industry and labor also have two members each on the panel.

From Washington

(Continued from first page)

Congress from Kentucky, put over the soldiers' bonus, that is, the bonus of the soldiers of the First World War, in 1935. No, I believe it was in 1936. There were forces who wanted to put it over in 1935, but such sound-money men as Fred and the late Pat Harrison decided that it would be far more helpful to the economy to put it over in 1936, on the eve of the Presidential election. It was right funny. Mr. Roosevelt got quite indignant in 1937 when the "recession" had set in and said the automobile people were largely responsible because what they had done was to gobble up this $2,000,000,000 which had been given the soldiers. And as one of those benefiting soldiers, and as a financial note, we have never accepted it as final payment because the bonus was in 57-cent dollars, Mr. Roosevelt having reduced the value of gold. And we still have our lobby to insist that before the boys of the Second World War get theirs, that we of the First World War get our remaining 43 cents, on every dollar that is.

But that is a pretty picture which has now been set up. It should appeal to all art lovers. No more will we have our squalls, our bickerings among big shots hereabouts. When there is a disagreement, Jimmy will settle it. It so happens that a few weeks before this new arrangement, Chester Davis was called back to handle the food situation. He was to report directly to the President. In the new set-up a fellow like Chester has to report to about three others, and before he can get to the President, he must go through Jimmy. But won't Jimmy be the tops on domestic affairs? Won't it be just as if he were reporting to the President? Oh no, indeed. The Palace Guard is still in the saddle. There are still such Presidential counsellors as Happy Hopkins. David Niles and Sam Rosenman. And Harry will be right there on the job with Jimmy, as one of his advisory committee. Harry will be there to run to the President, and to get David and Sam and the others to run with him, to say that Jimmy is about to put over something which will not be in the interest of things.

But in the meantime Jimmy and Fred Vinson, being old Democratic wheelhorses, both from the South and not advanced thinkers, just practical boys of the party—they will be supposed to do a job on the Democrats in Congress, to sell these follows on the idea that the New Deal is over, that the pinks are gone forever, that from now on, the "real" Democrats are to run the show, and, of course, they won't continue to run it unless they get together and return Mr. Roosevelt for a fourth term.

Furthermore, and just as important, the polls, which have come to be an inexact science in this country—you wonder how there can be a manpower shortage with all of these people making polls—these polls go around asking people: "Are you for Roosevelt?" and the answer is, "Yes, indeed; he's an able commander-in-chief."

Then they say, "Do you like the people who are running the Washington government?" and the response is, "Hell, no!"

Mr. Roosevelt seems to have worked definitley upon, and successfully so, the public impression that he and the rest of the Washington government are two and entirely separate things. He seems to have worked out some confidence with the people, a little secret between him and the people against the rest of the Government including Congress. He has the knack of taking a trip and coming back and saying on the radio that he and the people are getting mighty fed up with affairs.

"You and I know," he has the knack of saying to the people.

Now, he has given the picture of turning over domestic affairs to a good, sound Democrat, while he is so wrapped up in the conduct of the war. If the people aren't satisfied, they can't blame it on him. Because he and the people understand so well. They have a deep secret between them.

The dear old people won't notice, perhaps, that a few days ago he reorganized the Fair Policy Committee which had been under the direction of Paul McNutt. It is a committee to see that there is no "discrimination" against colored workers on the part of war industry. It has given industry many headaches since this war started, not because industry has any desire to discriminate but because it is up against practical problems such as time-old prejudices. The reorganized committee is to report to Mr. Roosevelt directly. But this won't burden him or detract from his military strategy planning. Mrs. Roosevelt will take care of this. The purpose is a concentrated drive for the colored vote.

The News Behind The News

(Continued from first page)

would concede they are fascinat- and interesting.

For instance, they have an idea for an international two-price system. Each nation would have a domestic price, but sell in the international market at a reduced subsidy price.

This country, for instance, would have a certain price for wheat within its borders. The Government would buy this wheat at that price and sell it to China for whatever it could get—to improve the diet of rice-eating Chinese.

The cost would be footed by the people of this country through the Treasury. But the agriculture planners do not think it would cost much money, as they did some experimentation along this line before the war.

A wholly new idea of theirs is to get France, for instance, to stop wheat production, or curtail it, and turn to vegetables, buying her wheat from us. They would like to do this with all of Europe.

Presumably, we would have to give them the wheat as they have nothing with which to pay, but the idea of the planners is that the price which our people pay would make the other nations dependent on us and Britain for wheat and other products, and thus lessen their likelihood of going to war.

These are obviously variations of the old Wallace theme of furnishing a quart of milk a day. They apply not only to wheat, of course, but to all staple commodities.

Their ideas lead them into fantastic social ramifications. If Britain undertakes to supply wheat to India and raise the standard of living and improve the diet there, it will have to get some kind of agreement from India for birth control, as obviously it cannot continue indefinitely to feed an ever-increasing population on credit.

If these matters were the subject of daily discussion in the press, you can readily see what might happen to the Hot Springs Food Conference. As matters stand now under the secrecy ban, the planners are able to discuss to their hearts' content.

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Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corpo-rate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Jun 1	119.82	110.34	118.40	115.82	110.88	97.78	102.30	113.31	115.82
May 31	EXCHANGE CLOSED								
29	119.82	110.34	118.20	115.82	111.07	97.78	102.30	113.31	115.82
28	119.82	110.34	118.20	115.82	110.88	97.78	102.30	113.31	115.82
27	119.82	110.15	118.20	115.82	110.88	97.62	102.13	113.31	115.82
26	119.66	110.34	118.20	115.82	110.88	97.78	102.13	113.31	116.02
25	119.53	110.15	118.20	115.82	110.88	97.62	102.13	113.31	115.82
24	119,50	110.15	118.20	115.82	110.70	97.62	102.13	113.31	115.82
22	119.48	110.15	118.20	115.82	110.88	97.47	102.13	113.12	115.82
21	119.44	110.15	118.20	115.82	110.70	97.47	101.97	113.12	115.82
20	119.41	110.15	118.20	115.82	110.70	97.47	101.97	113.12	115.82
19	119.42	110.15	118.20	115.63	110.88	97.47	101.97	113.12	115.82
18	119.34	110.15	118.40	115.63	110.70	97.47	101.97	113.12	116.02
17	119.28	110.15	118.20	115.63	110.70	97.47	101.80	113.12	116.02
15	119.27	109.97	118.00	115.63	110.70	97.47	101.80	113.12	116.02
14	119.27	109.97	118.00	115.63	110.70	97.47	101.80	113.12	115.82
13	119.33	109.97	118.00	115.63	110.70	97.47	101.80	113.12	115.82
12	119.26	109.97	118.00	115.63	110.70	97.47	101.80	113.12	115.82
11	119.13	109.97	118.20	115.43	110.52	97.47	101.64	113.12	115.82
10	119.06	109.97	118.00	115.43	110.52	97.47	101.64	112.93	116.02
8	119.06	109.97	118.00	115.43	110.52	97.31	101.64	112.93	115.82
7	119.03	109.79	118.00	115.43	110.52	97.16	101.47	112.93	115.82
6	118.95	109.97	118.00	115.63	110.52	97.31	101.64	112.93	115.82
5	118.54	109.97	118.00	115.63	110.52	97.31	101.64	112.93	115.82
4	118.37	109.97	118.20	115.43	110.52	97.16	101.47	112.93	115.82
3	118.34	109.79	118.00	115.43	110.52	97.16	101.47	113.12	115.82
1	118.34	109.79	118.00	115.43	110.52	97.00	101.31	113.12	115.63
Apr. 30	118.36	109.79	118.00	115.43	110.34	97.00	101.31	113.12	115.63
22	118.22	109.60	118.00	115.43	110.34	96.69	100.98	113.12	115.82
16	118.06	109.60	117.80	115.43	110.52	96.38	100.81	112.93	115.63
9	117.48	109.60	117.80	115.43	110.52	96.69	100.98	113.12	115.63
Mar. 26	116.93	109.60	117.80	115.43	110.52	96.23	100.65	113.12	115.63
19	116.86	109.42	117.60	115.43	110.52	95.92	100.32	113.12	115.63
12	116.87	109.24	117.60	115.43	110.34	95.77	100.16	112.93	115.43
5	116.97	109.42	117.80	115.43	110.34	95.77	100.16	113.12	115.43
Feb 26	117.11	109.24	117.60	115.43	110.15	95.47	100.00	112.93	115.43
19	117.11	109.06	117.60	115.24	110.15	95.01	99.68	112.93	115.43
11	117.13	108.88	117.60	115.24	109.97	94.86	99.36	112.93	115.43
5	117.09	108.88	117.60	115.04	109.97	94.71	99.04	112.75	115.63
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
High 1943	119.82	110.34	118.40	115.82	111.07	97.78	102.30	113.31	116.02
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago									
June 1, 1942	118.30	106.39	116.02	112.93	107.44	91.62	95.92	110.70	113.70
2 Years ago									
May 31, 1941	118.71	106.39	116.61	113.31	107.09	91.19	96.69	110.70	112.75

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corpo-rate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
Jun 1	1.88	3.15	2.73	2.86	3.12	3.89	3.61	2.99	2.86
May 31	EXCHANGE CLOSED								
29	1.88	3.15	2.74	2.86	3.11	3.89	3.61	2.99	2.86
28	1.88	3.15	2.74	2.86	3.12	3.89	3.61	2.99	2.86
27	1.88	3.16	2.74	2.86	3.12	3.90	3.62	2.99	2.86
26	1.89	3.15	2.74	2.86	3.12	3.89	3.62	2.99	2.85
25	1.90	3.16	2.74	2.86	3.12	3.90	3.62	2.99	2.86
24	1.90	3.16	2.74	2.86	3.13	3.90	3.62	2.99	2.86
22	1.90	3.16	2.74	2.86	3.12	3.91	3.62	3.00	2.86
21	1.90	3.16	2.74	2.86	3.13	3.91	3.63	3.00	2.86
20	1.90	3.16	2.74	2.86	3.13	3.91	3.63	3.00	2.86
19	1.90	3.16	2.74	2.87	3.12	3.91	3.63	3.00	2.86
18	1.91	3.16	2.73	2.87	3.13	3.91	3.63	3.00	2.85
17	1.92	3.16	2.74	2.87	3.13	3.91	3.64	3.00	2.85
15	1.92	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.85
14	1.92	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.86
13	1.91	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.86
12	1.92	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.86
11	1.93	3.17	2.74	2.88	3.14	3.91	3.65	3.00	2.86
10	1.93	3.17	2.75	2.88	3.14	3.91	3.65	3.01	2.85
8	1.93	3.17	2.75	2.88	3.14	3.92	3.65	3.01	2.86
7	1.93	3.18	2.75	2.88	3.14	3.93	3.66	3.01	2.86
6	1.94	3.17	2.75	2.87	3.14	3.92	3.65	3.01	2.86
5	1.97	3.17	2.75	2.87	3.14	3.92	3.65	3.01	2.86
4	1.98	3.17	2.74	2.88	3.14	3.93	3.66	3.01	2.86
3	1.98	3.18	2.75	2.88	3.14	3.93	3.66	3.00	2.86
1	1.98	3.18	2.75	2.88	3.14	3.94	3.67	3.00	2.87
Apr. 30	1.98	3.18	2.75	2.88	3.15	3.94	3.67	3.00	2.87
22	1.99	3.19	2.75	2.88	3.15	3.96	3.69	3.00	2.86
16	2.00	3.19	2.76	2.88	3.14	3.98	3.70	3.01	2.87
9	2.04	3.19	2.76	2.89	3.14	3.96	3.69	3.00	2.87
Mar. 26	2.08	3.19	2.76	2.88	3.14	3.99	3.71	3.00	2.87
19	2.07	3.20	2.77	2.88	3.14	4.01	3.73	3.00	2.87
12	2.07	3.21	2.77	2.88	3.15	4.02	3.74	3.01	2.88
5	2.07	3.20	2.76	2.88	3.15	4.02	3.74	3.00	2.88
Feb 26	2.06	3.21	2.77	2.88	3.16	4.04	3.75	3.01	2.88
19	2.06	3.22	2.77	2.89	3.16	4.07	3.77	3.01	2.88
11	2.06	3.23	2.77	2.89	3.17	4.08	3.79	3.01	2.88
5	2.06	3.23	2.77	2.90	3.17	4.09	3.81	3.02	2.87
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.88	3.15	2.73	2.86	3.11	3.89	3.61	2.99	2.85
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago									
June 1, 1942	1.95	3.37	2.85	3.01	3.31	4.30	4.01	3.13	2.97
2 Years ago									
May 31, 1941	1.91	3.37	2.82	2.99	3.33	4.33	3.96	3.13	3.02

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Moody's Daily Commodity Index

Tuesday, May 25	245.7
Wednesday, May 26	245.8
Thursday, May 27	245.6
Friday, May 28	245.7
Saturday, May 29	245.8
Monday, May 31	*
Tuesday, June 1	246.0
Two weeks ago, May 18	245.6
Month ago, May 1	245.8
Year ago, June 1	229.6
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, April 1	249.8
Low, Jan. 2	240.2

*Holiday.

US-China Treaty Ratified

United States relinquishment of extraterritorial rights in China went into effect on May 20 with an exchange of ratifications of the treaty signed Jan. 11 last.

Secretary of State Cordell Hull and Dr. Weil Tao-Ming, Chinese ambassador, signed the ratification documents in a brief ceremony at the State Department.

Simultaneously, ratifications of a similar Chinese-British treaty were exchanged at Chungking.

Signing of the treaty was noted in our issue of Jan. 28, page 422.

Trading On New York Exchanges

The Securities and Exchange Commission made public on May 29 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the weeks ended May 15, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended May 15 (in round-lot transactions) totaled 3,275,740 shares, which amount was 15.76% of the total transactions on the Exchange of 10,394,270 shares. This compares with member trading during the week ended May 8 of 4,747,222 shares or 16.36% of total trading of 14,510,130 shares. On the New York Curb Exchange, member trading during the week ended May 15 amounted to 819,995 shares, or 12.44% of the total volume of that Exchange of 3,295,455 shares; during the May 8, week trading for the account of Curb members of 1,028,605 shares was 15.25% of total trading of 3,372,755 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED MAY 15, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	239,960	
‡Other sales	10,154,310	
Total sales	10,394,270	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	822,450	
Short sales	119,830	
‡Other sales	678,340	
Total sales	798,170	7.80
2. Other transactions initiated on the floor—		
Total purchases	488,190	
Short sales	51,100	
‡Other sales	478,290	
Total sales	529,390	4.89
3. Other transactions initiated off the floor—		
Total purchases	261,610	
Short sales	22,830	
‡Other sales	353,100	
Total sales	375,930	3.07
4. Total—		
Total purchases	1,572,250	
Short sales	193,760	
‡Other sales	1,509,730	
Total sales	1,703,490	15.76

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED MAY 15, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	15,015	
‡Other sales	3,280,440	
Total sales	3,295,455	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	221,985	
Short sales	9,365	
‡Other sales	219,770	
Total sales	229,135	6.84
2. Other transactions initiated on the floor—		
Total purchases	111,510	
Short sales	2,800	
‡Other sales	84,825	
Total sales	87,625	3.02
3. Other transactions initiated off the floor—		
Total purchases	55,315	
Short sales	100	
‡Other sales	114,325	
Total sales	114,425	2.58
4. Total—		
Total purchases	388,810	
Short sales	12,265	
‡Other sales	418,920	
Total sales	431,185	12.44
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	214	
§Customers' other sales	76,596	
Total purchases	76,810	
Total sales	77,656	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Seven State Legislatures Propose Post-War World Body To Preserve Peace

The legislatures of seven States—North Carolina, New York, New Jersey, Connecticut, Maryland, Massachuetts and Vermont—have adopted proposals calling on Congress to lend its support to some form of international organization designed to preserve the peace in the post-war world.

This was reported in the New York "Herald-Tribune" of May 9, which further said:

The recommendations of the seven states range from the "Declaration of the Federation of the World," a resolution prepared by Robert Lee Humber, of Greenville, N. C., and passed by the North Carolina and Maryland Legislatures, to the broad general resolutions on the preservation of the peace adopted by Vermont and Massachusetts.

The last state to go on record in favor of the establishment of a post-war federation for peace is Connecticut. It adopted last month, unanimously in the Senate and by a vote of 148 to 40 in the House, a resolution calling on Congress and the President to take steps, as soon as feasible, to establish some sort of world federation of nations through which the problems of both peace and war may be solved, and war diverted.

The resolution adopted by the New York Legislature just before it adjourned this year expressed the "profound conviction" that an international organization of all nations is necessary to achieve lasting peace and prosperity after the war. The resolution was introduced in the Assembly by the Republican - controlled Rules Committee and follows closely the world-peace plank of the Republican state platform of Governor Thomas E. Dewey.

In New Jersey, the preamble of the Humber "declaration" was adopted, but the resolution as adopted by the North Carolina Legislature was modified in several respects before it was passed. Massachusetts voted down the Humber "declaration," and adopted a less specific recommendation for an organization to preserve the peace. The Vermont resolution was also general.

All of these resolutions, however, together with those under consideration for adoption by the legislatures in Texas, Colorado, South Carolina, Minnesota, New Hampshire, Rhode Island, New Mexico, Arizona and Florida, have in a measure embodied the principles of the original resolution as written by Mr. Humber.

Mr. Humber has said that his resolution is in no sense a blue print of world government, but merely "political action" to inspire governing bodies to set up committees to study the plan and to draw up plans which may form the bases of discussions for world peace.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on May 29 a summary for the week ended May 22 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended May 22, 1943

	Total for Week
Odd-Lot Sales by Dealers: (Customers' purchases)	
Number of Orders	19,015
Number of Shares	559,558
Dollar Value	19,566,933
Odd-Lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	134
*Customers' other sales	20,357
Customers' total sales	20,491
Number of Shares:	
Customers' short sales	4,265
*Customers' other sales	547,403
Customers' total shares	551,668
Dollar value	17,247,517
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	290
†Other sales	142,940
Total sales	143,230
Round-Lot Purchases by Dealers—	
Number of shares	164,470

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Changes In Holdings Of Reacquired Stock Of New York Stock And Curb Listed Firms

The monthly compilation of companies listed on the New York Stock Exchange reporting changes in their holdings of reacquired stock was made available on May 19. Following is the tabulation issued by the Stock Exchange:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report	
Allied Stores Corp., 5% pfd.	9,817	11,917	
American Hide & Leather Co., 6% pfd.	1,760	1,860	
American Machine & Metals, Inc., capital	20,100	28,300	
Armour & Co. (Del.), 7% pfd.	549	2,633	(1)
Associates Investment Co., common	30,443	31,969	
5% cumulative preferred	1,834	2,393	
Atlantic, Gulf & West Indies Steamship Lines, 5% pfd.	24,200	------	(2)
Atlas Corp., common	61,482	49	(3)
Barker Bros. Corp., 5½% cum. pfd.	10,752	11,227	
Borden Co., The, capital	48,654	49,754	
Bucyrus-Erie Co., 7% pfd.	11,476	12,826	
Burlington Mills Corp., common	3,665	5,665	
Case (J. I.), Co., common	1,403	1,348	
Cleveland Graphite Bronze Co., 5% cum. pfd.	------	------	(4)
Commercial Investment Trust Corp., common	46,133	------	(5)
Commonwealth & Southern Corp. (The), $6 ser. cum. pfd.	------	------	(6)
Consolidated Vultee Aircraft Corp., $1.25 cum. pfd.	------	------	(7)
Crucible Steel Co. of America, 5% conv. pfd.	7	700	
Detroit Edison Co., The, common	2,765	1,760	
Distillers Corp.-Seagrams, Ltd., cum. pfd., 5% ser.	------	------	(8)
Federated Dept. Stores, Inc., 4¼% conv. pfd.	15,780	14,480	(9)
Firestone Tire & Rubber Co., The, common	319,204	318,204	
Flintkote Co., The, $4.50 cum. pfd.	1,633	------	(5)
Fruehauf Trailer Co., 5% conv. pfd.	------	30	
General American Investors, Co., Inc., $6 cum. pfd.	------	------	(10)
General Motors Corp., common	127,171	163,971	
General Railway Signal Co., 6% pfd.	1,201	3,350	
Gillette Safety Razor Co., $5 conv. pref.	14,549	17,649	
Goodyear Tire & Rubber Co., The, $5 cum. conv. pfd.	12,012	13,012	
Gimbel Brothers, Inc., $6 cum. pfd.	3,211	5,111	
Hat Corp. of America, 6½% pfd.	330	1,030	
Insuranshares Certificates, Inc., common	------	------	(11)
Jones & Laughlin Steel Corp., common	------	------	(12)
5% preferred A	------	------	(13)
5% preferred B	------	------	(13)
Mead Corp., The, $6 cum. pfd.	682	------	(5)
Motor Products Corp., common	1,000	------	(5)
National Steel Corp., common	4,630	4,605	
Norfolk & Western Railway Co., adj. 4% pfd.	5,428	5,568	
Plymouth Oil Co., common	2,884	4,184	
Safeway Stores, Inc., 5% cum. pfd.	3,557	3,698	
Schenley Distillers Corp., 5½% cum. pfd.	5,620	5,720	
Sheaffer (W. A.) Pen Co., common	3,926	3,826	
Squibb (E. R.) & Sons, common	40,343	35,543	
Transamerica Corp., capital	1,114,092	1,115,260	
Twentieth Century-Fox Film Corp., $1.50 pfd.	37,963	38,563	
United Merchants & Manufacturers, Inc., v. t. c. for com.	24,904	25,004	
United States Leather Co., The, prior pref.	5,395	5,808	
United States Rubber Co., common	226	68	
Universal Pictures Co., Inc., 8% pfd.	4,848	5,438	
Willys-Overland Motors, Inc., 6% cum. conv. pfd.	86,695	58,095	(14)
Wilson & Co., common	7,831	7,836	

NOTES

(1) 1.778 shares released from Escrow Agreement; 306 shares purchased.
(2) 100 shares acquired; 24 300 shares retired.
(3) 16 shares acquired; 61,449 shares retired.
(4) 140 shares acquired and retired.
(5) Retirement.
(6) 18,000 shares acquired and retired.
(7) 1,000 shares acquired and retired.
(8) 3,470 shares acquired and retired.
(9) 400 shares acquired; 1,700 shares retired.
(10) 2,000 shares acquired and retired.
(11) 3,000 shares acquired and retired.
(12) 430 shares acquired and disposed of.
(13 107 shares acquired and disposed of.
(14) 9,900 shares acquired; 38,500 shares retired in December, 1942.

The New York Curb Exchange issued on May 20 the following list of issuers of fully listed securities which have reported changes in their holdings of reacquired stock:

Name and class of stock	Shares Previously Reported	Shares Per Latest Report
Air Investors, Inc., conv. pref.	1,638	1,738
American Cities Power & Light Corp., A opt. div. ser. 1936	7,192	7,442
Conv. A opt. div. ser.	11,236	11,586
American General Corp., common	358,777	358,804
Automatic Products Corp., capital	20,200	25,700
Barlow & Seelig Manufacturing Co., A common	4,880	4,930
Bourjois, Inc., common	------	100
Catalin Corp. of America, common	2	------
Central New York Power Corp., 5% ser. pfd.	7,415	------
Cohn & Rosenberger, Inc., common	17,333	18,033
Crown Central Petroleum Corp., common	585	586
Dejay Stores, Inc., common	13,306	15,656
Dennison Manufacturing Co., A common	8,305	9,005
Derby Oil & Refining Corp., common	70,870	70,871
Detroit Gasket & Manufacturing Co., 6% pfd.	12,866	10,866
Fedders Manufacturing Co., Inc., common	7,459	8,309
Gellman Manufacturing Co., common	7,740	9,005
Kingston Products Corp., common	8,169	29,465
Klein (D. Emil) Co., Inc., common	17,269	17,369
Lane Bryant, Inc., 7% pfd.	218	------
Merritt-Chapman & Scott Corp., 6½% A pfd.	1,305	1,530
Midland Oil Corp., $2 conv. pref.	8,615	8,865
Mock, Judson, Voehringer Co., Inc., common	13,767	14,367
New York Merchandise Co., Inc., common	123,837	125,537
Niagara Share Corp. of Maryland, A pfd.	5,306	5,516
Novadel-Agene Corp., common	1,500	6,000
Ogden Corp., common	------	414
Oilstocks, Limited, capital	3,348	1,284
Pacific Can Co., common	------	600
Pacific Public Service Co., 1st pfd.	80,467	80,470
Common	24,759	24,761
Seton Leather Co., common	7,700	8.500
Tung-Sol Lamp Works, Inc., common	39,733	34,733
United Cigar-Whelan Stores Corp., common	12,153	12,167

Wholesale Commodity Index Unchanged During Week Ended May 22, Says Labor Dept.

The U. S. Department of Labor announced on May 27 that during the week ended May 22, the Bureau of Labor Statistics' comprehensive index of prices in primary markets remained unchanged at 103.8% of the 1926 average.

The Department further explained:

"**Farm products and foods.** The slight increase in prices for farm products of 0.1% was due to an advance of about 4% in the price of oats, together with further increases for fresh fruits and vegetables. The general level for livestock and poultry prices remained unchanged, although the price of cows and hogs advanced slightly and ewes declined sharply.

"Higher prices for fresh fruits and vegetables, particularly sweet potatoes, lemons, onions and apples at Chicago, resulted in an increase of 0.1% for foods. Market quotations were lower for white potatoes, oranges and apples at New York.

"**Industrial commodities.** Industrial commodity markets remained steady as indicated by no change in the index for 'All commodities, other than farm products and foods.' Prices were higher for bituminous coal, maple flooring, rosin, turpentine, and wrapping paper, and lower for anthracite, cement and white oak boards."

The following notation is made:

"During the period of rapid changes caused by price controls, materials allocation and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports."

The following table shows index numbers for the principal groups of commodities for the past three weeks for April 24, 1943, and May 23, 1942, and the percentage changes from a week ago, a month ago and a year ago:

(1926=100)

						Percentage changes to May 22, 1943 from—		
Commodity groups—	5-22 1943	5-15 1943	5-8 1943	4-24 1943	5-23 1942	5-15 1943	4-24 1943	5-23 1942
All commodities	*103.8	*103.8	*103.7	*103.4	98.7	0	+0.4	+ 5.2
Farm products	*125.8	*125.7	*124.8	*123.9	104.8	+0.1	+1.5	+20.0
Foods	110.3	110.2	109.4	108.5	99.1	+0.1	+1.7	+11.3
Hides and leather products	118.4	118.4	118.4	118.4	119.2	0	0	— 0.7
Textile products	96.9	96.9	96.9	96.9	97.2	0	0	— 0.3
Fuel and lighting materials	81.3	81.5	81.6	81.1	78.9	—0.2	+0.2	+ 3.0
Metals and metal products	*103.9	*103.9	*103.9	*103.9	104.0	0	0	— 0.1
Building materials	110.3	110.4	110.4	110.2	110.0	—0.1	+0.1	+ 0.3
Chemicals and allied products	100.2	100.2	100.2	100.1	97.3	0	+0.1	+ 3.0
Housefurnishing goods	104.2	104.2	104.2	104.2	104.6	0	0	— 0.4
Miscellaneous commodities	91.7	91.4	91.4	91.4	90.2	+0.3	+0.3	+ 1.7
Raw materials	*113.8	*113.7	*113.2	*112.5	99.8	+0.1	+1.2	+14.0
Semimanufactured articles	92.9	92.9	92.9	92.9	92.8	0	0	+ 0.1
Manufactured products	*100.9	*101.0	*101.0	*100.8	99.2	—0.1	+0.1	+ 1.7
All commodities other than farm products	*99.1	*99.1	*99.1	*99.0	97.4	0	+0.1	+ 1.7
All commodities other than farm products and foods	*96.9	*96.9	*96.9	*96.8	95.9	0	+0.1	+ 1.0

*Preliminary.

April Department Store Sales In New York Federal Reserve District 8% Above Year Ago

The Federal Reserve Bank of New York announced on May 20 that April sales of department stores in the Second (New York) Federal Reserve District increased 8% above a year ago. The combined sales for January through April are 4% higher than in the same period last year. Stocks of merchandise on hand in department stores at the end of April are 32% below April, 1942.

The apparel stores in the New York District reported a gain of 20% in net sales in April and their stocks on hand at the close of the month were 18% below last year.

The following is the bank's tabulation:

DEPARTMET STORE TRADE BY MAJOR LOCALITIES: APRIL, 1943
Second Federal Reserve District

	Percentage changes from a year earlier		
	Net Sales		
Department Stores—	Apr.	Jan. thru Apr.	Stock on hand, Apr. 30, 1943
New York City	+10	+ 5	—36
*Northern New Jersey	+ 3	— 5	—37
*Newark	+ 5	— 3	—38
Westchester and Fairfield Counties	+ 3	— 4	—24
Bridgeport	+ 2	— 5	—25
Lower Hudson River Valley	+ 2	— 2	—15
Poughkeepsie	+ 1	0	--
Upper Hudson River Valley	+ 1	— 7	— 7
Albany	—10	—16	--
Schenectady	+18	+ 5	—13
Central New York State	+12	+ 8	—27
Mohawk River Valley	+15	+11	—17
Syracuse	+10	+ 7	—31
Utica	+17	--	--
*Northern New York State	+ 1	— 3	--
Southern New York State	+ 6	+ 7	—12
Binghamton	+10	+ 9	--
Elmira	—10	— 4	--
*Western New York State	+10	+ 9	—13
Buffalo	+11	+10	—12
*Niagara Falls	+37	+33	— 6
Rochester	+ 7	+ 6	—27
*All department stores	+ 8	+ 4	—32
Apparel stores	+20	+17	—18

*Subject to possible revision.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS
Second Federal Reserve District
[1923-25 average = 100]

	1942	1943		
	Apr.	Feb.	Mar.	Apr.
Sales (average daily), unadjusted	106	112	†104	117
Sales (average daily), seasonally adjusted	110	138	†127	114
Stocks, unadjusted	152	105	†107	100
Stocks, seasonally adjusted	†150	†111	†106	99

*Subject to possible revision. †Revised.

Record Employment In March; Manpower Status Faces Most Critical Stage: Conference Board

Although employment in March reached a record high of 59,700,000, nearly 1,000,000 above the preceding month, and about 150,000 above the previous October peak, the number of hired laborers on the farms was smaller than a year ago in every region of the country, according to The National Industrial Conference Board. Eight million more in all were at work or in uniform than a year ago. Somewhat more than half of this increase is attributable to the armed forces, while the remainder were added to non-agricultural payrolls, according to the advices from the Conference Board which, under date of May 25, added:

"Labor requirements for agriculture will mount rapidly within the second quarter, probably by fully 3,500,000 on the basis of the past seasonal trends, the Board finds. In addition, about 350,000 men will be taken into the armed services monthly, if present induction schedules are maintained, and further expansion is anticipated in the number of payrolls of essential war industries. These three forces combined should bring the labor situation at midyear to its most critical state, the Board says. By March the number employed was already 4,000,000 above the nation's normal labor force. The number of additional recruits to be attracted within the second quarter, if farm, factory and military goals are to be met, may be almost as great, even after allowance for the flow of labor from contracting civilian industries.

"Agriculture, the armed services, and manufacturing in descending order, accounted for fully 90% of the total gain in employment in March. Nearly 500,000 workers were added on the farm front in the month, but the total remained nearly 100,000 below the level of a year ago. The seasonal increase in the number of hired workers, however, compared favorably with the change in 1942, the rate of increase being lower only in the Middle Atlantic and East North Central regions.

"Increases in factory employment are most marked in the heavy war industries, particularly in transportation equipment. The gain of 110,000 during March brought the total number on factory payrolls to above 16,000,000 for the first time. Manufacturing has been so expanded that it now employs more workers than the aggregate personnel in all of manufacturing, construction, mining, transportation and public utilities in 1939.

"Government civilian employment was further increased by 50,000 during the month, bringing the total additions in the first quarter to nearly 200,000."

Rayon's Contribution To War Increasing

The rayon industry's participation in, and contribution to, the war effort is increasing month by month, states the current issue of the "Rayon Organon," published by the Textile Economics Bureau, Inc. It is pointed out that rayon is now going into a wide variety of war products such as tires of all kinds, fragmentation and cargo chutes, uniform linings, etc. The "Organon" also notes that in addition to these uses, the industry has been called upon to take over all of the civilian markets formerly supplied by silk and nylon. Staple fiber also is allocated for use in the worsted industry, and more recently has been rated for use by blanket manufacturers. Rayon also is in large demand as a desired product for the Southern Republics under the Good Neighbor Program and its exports to these countries is under rating allocation. The publication adds:

"All of these contributions of rayon to the war effort are handled either by rated orders or by allocation. And, in general terms, all of this rayon must be taken from former civilian goods weavers and knitters inasmuch as it has been impossible to expand spinning capacity of the industry because of a shortage of new equipment facilities."

"During the first quarter of 1943, it is estimated that these allocated and war uses of viscose and cuprammonium rayon yarn took 45% of the total poundage produced. The further conversion of viscose rayon to the high tenacity type of tire cord, as well as increasing uses of viscose and cuprammonium yarns for other uses, will raise the future war and allocated uses of these yarns to substantially higher levels this year."

According to the "Organon" it is also estimated that about 15% of the acetate rayon yarn output and 15% of the staple fiber output is currently being used for war purposes or allocations and further increases in these percentages are expected as the year progresses.

"Rayon has contributed a great deal to the war economy already," the "Organon" observes, "but its future contribution to the war effort promises to be not only larger in poundage, but also to encompass an even wider range of vital uses and products."

Federal Reserve April Business Indexes

The Board of Governors of the Federal Reserve System issued on May 22 its monthly indexes of industrial production, factory employment and payrolls, etc. At the same time the Board made available its customary summary of business conditions. The indexes for April, together with comparisons for a month and a year ago, are as follows:

BUSINESS INDEXES

1935-39 average = 100 for industrial production and freight-car loadings;
1939=100 for factory employment and payrolls;
1923-25 average = 100 for all other series

	Adjusted for —Seasonal Variation—			Without —Seasonal Adjustment—		
	Apr. 1943	Mar. 1943	Apr. 1942	Apr. 1943	Mar. 1943	Apr. 1942
Industrial production—						
Total	†203	202	173	†201	199	172
Manufactures—						
Total	†216	215	182	†215	212	181
Durable	†300	298	234	†300	296	234
Nondurable	†148	147	139	†146	144	138
Minerals	†131	133	125	†124	124	126
Construction contracts, value—						
Total	*	85	128	*	84	145
Residential	*	42	82	*	44	96
All other	*	119	165	*	117	185
Factory employment—						
Total	†168.2	168.4	147.1	†167.4	167.3	146.3
Durable goods	†225.8	224.8	180.2	†225.5	224.1	180.0
Nondurable goods	†122.8	123.9	121.0	†121.6	122.6	119.8
Factory payrolls—						
Total	---	---	---	*	304.4	221.4
Durable goods	---	---	---	*	420.4	287.2
Nondurable goods	---	---	---	*	191.0	157.0
Freight-car loadings	141	136	143	132	130	136
Department store sales, value	†130	136	117	†135	121	115
Department store stocks, value	*	90	118	*	92	122

*Data not yet available. †Preliminary or estimated.

Note—Production, carloadings, and department store sales indexes based on daily averages. To convert durable manufactures, non-durable manufactures and minerals indexes to points in total index, shown in Federal Reserve Chart Book, multiply durable by .379, non-durable by .469, and minerals by .152.

Construction contract indexes based on three-month moving averages, centered at second month, of F. W. Dodge data for 37 Eastern States. To convert indexes to value figures, shown in the Federal Reserve Chart Book, multiply total by $410,269,000, residential by $184,137,000, and all other by $226,132,000.

Employment index, without seasonal adjustment, and payrolls index compiled by Bureau of Labor Statistics.

INDUSTRIAL PRODUCTION
(1935-39 average = 100)

	Adjusted for —Seasonal Variation—			Without —Seasonal Adjustment—		
Manufactures—	Apr. 1943	Mar. 1943	Apr. 1942	Apr. 1943	Mar. 1943	Apr. 1942
Iron and steel	209	210	199	209	210	199
Pig iron	197	202	192	197	202	192
Steel	235	233	219	235	233	219
Open hearth and Bessemer	186	188	181	186	188	181
Electric	580	559	487	580	559	487
Machinery	†362	359	273	†362	359	273
Transportation equipment	†592	583	350	†592	583	350
Non-ferrous metals & products	†194	192	177	†194	192	177
Lumber and products	†125	124	132	†125	119	132
Lumber	†115	114	127	†116	106	127
Furniture	†143	144	142	†143	144	142
Stone, clay, & glass products	†145	149	154	†142	133	151
Cement	*	146	167	*	126	161
Polished plate glass	42	39	43	42	39	43
Textiles and products	†158	157	157	†158	157	157
Cotton consumption	166	166	177	166	166	177
Rayon deliveries	†182	181	170	†182	181	170
Wool textiles	*	164	153	*	164	153
Leather products	*	111	130	*	114	131
Tanning	*	113	131	*	113	131
Cattle hide leathers	*	126	147	*	127	147
Calf and kip leathers	*	92	93	*	90	90
Goat and kid leathers	*	93	116	*	93	119
Shoes	*	110	130	*	114	131
Manufactured food products	†150	152	136	†135	134	123
Wheat flour	121	126	98	114	123	92
Meat packing	†143	154	142	†135	140	134
Other manufactured foods	†156	156	137	†137	138	121
Tobacco products	---	131	127	---	123	119
Cigars	---	101	120	---	93	114
Cigarettes	---	159	140	---	148	130
Manufactured tobacco & snuff	---	87	97	---	89	96
Paper and products	*	135	148	*	137	151
Paperboard	150	150	157	150	150	157
Newsprint production	*	90	109	*	90	109
Printing and publishing	†111	110	117	†117	114	123
Newsprint consumption	100	97	98	107	101	105
Coke	†169	169	162	†169	169	162
Byproduct	†158	158	152	†158	158	152
Beehive	†540	546	514	†540	546	514
Chemicals	†217	211	165	†220	216	168
Minerals—						
Fuels	†131	†133	121	†131	†133	121
Bituminous coal	†151	161	150	†151	161	150
Anthracite	†129	128	122	†129	128	122
Crude petroleum	†123	†123	109	†123	†123	109
Metals	†132	133	152	†84	68	155
Iron ore	235	235	217	60	---	237

†Preliminary or estimated. *Data not yet available.

FREIGHT-CAR LOADINGS
(1935-39 average = 100)

Coal	158	140	160	133	144	135
Coke	208	182	200	183	189	176
Grain	145	152	117	124	131	100
Livestock	118	117	101	105	92	90
Forest products	138	133	‡160	138	133	‡160
Ore	†205	216	289	106	56	218
Miscellaneous	142	141	141	143	138	142
Merchandise, l.c.l.	62	61	80	63	62	81

†Preliminary or estimated. ‡Revised.

Note—To convert coal and miscellaneous indexes to points in total index, shown in the Federal Reserve Chart Book, multiply coal by .213 and miscellaneous by .548.

National Fertilizer Association Commodity Price Average Lower

The general level of wholesale commodity prices was slightly lower last week according to the wholesale price index compiled by The National Fertilizer Association and made public on May 31. This index in the week ended May 29 declined to 135.7 from 135.8 in the preceeding week. A month ago the index was 135.7, and a year ago was 127.7 based on 1935-1939 average as 100. The Association's report also gave the following:

The drop in the all-commodity index was due primarily to lower prices for farm products. The index of industrial commodities remained unchanged from the preceding week. Although cotton and grains were higher last week, declines in livestock were sufficient to cause a decrease in the farm product average. Advancing prices for eggs, fluid milk, and oranges were responsible for a rise in the food price index, taking it to a new high point. The textile index continued upward due to advances in wool and cotton. A decrease in linseed oil was responsible for a fractional decline in the building material price index.

Although the index fell off last week 9 price series included in the index advanced and 5 declined; in the preceeding week, 12 advanced and 2 declined; and in the second preceding week, 2 advanced and 11 dclined.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week May 29 1943	Preceding Week May 22 1943	Month Ago Apr 24 1943	Year Ago May 30 1942
25.3	Foods	140.8	140.7	139.5	125.6
	Fats and Oils	147.9	147.9	147.7	138.7
	Cottonseed Oil	159.0	159.0	159.0	163.0
23.0	Farm Products	152.8	152.9	154.2	136.5
	Cotton	202.0	200.7	201.5	187.5
	Grains	142.6	142.0	142.5	114.1
	Livestock	146.8	147.7	149.2	132.2
17.3	Fuels	122.8	122.8	122.2	119.5
10.8	Miscellaneous commodities	130.1	130.1	130.4	127.9
8.2	Textiles	151.4	150.9	151.4	148.9
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.6	152.7	152.2	151.7
1.3	Chemicals and drugs	126.6	126.6	126.6	120.7
.3	Fertilizer materials	117.7	117.7	117.9	118.7
.3	Fertilizers	119.8	119.8	119.8	115.3
.3	Farm machinery	104.1	104.1	104.1	104.1
100.0	All groups combined	135.7	135.8	135.7	127.7

*Indexes on 1926-1928 base were May 29, 1943, 105.7; May 22, 105.8, and May 30, 1942, 99.5.

Non-Ferrous Metals—Mexican Exports Of Minerals Licensed—Zinc Certificates Issued

Editor's Note.—At the direction of the Office of Censorship certain production and shipments figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of May 27, stated: "With the United States the largest buyer of metals in Mexico, the licensing of all exports of minerals, excepting gold and silver by that country attracted interest here. The move, according to advices from Mexico, will not restrict shipments earmarked for the United States, but will regulate trade in other directions, chiefly to South America. A sort of 'black market' has sprung up in some metals which the Mexican authorities desire to control. The question of how much zinc domestic consumers will obtain for use next month was determined last week, and allocation certificates were distributed on May 26. The quicksilver buying program of Metals Reserve was extended to the end of next year." The publication further went on to say:

Copper

All of the copper available for June delivery has not yet been allocated, and, unless more metal is released to consumers by WPB, it now appears that the stockpile will grow a little during the next month. Increased tonnages of scrap are being used in war production, which may ease the strain on new copper, some observers hold.

The price situation has not changed. Domestic consumers are obtaining copper on the basis of 12c., Connecticut Valley. Foreign metal is being purchased by Metals Reserve Co. on the basis of 11.75c., f.a.s. United States ports.

Lead

The lead group met with WPB officials in New York on May 25 to determine the tonnage of foreign lead that will be needed to supplement domestic shipments for June. Consumers obtained allocations for all of the lead asked for. According to trade authorities, domestic consumption of lead has been holding up well, averaging around 65,000 tons monthly in the last few months.

The news that Mexico has tightened control over exports of lead and other minerals through licensing was viewed as a precautionary move that will have no bearing on the movement of metal from that country into the United States. Exports were under license some months back, it was pointed out here.

Zinc

With a good reserve of slab zinc on hand in this country, the sharp curtailment in operations in the Tri-State area that normally contributes a substantial tonnage of zinc concentrate to domestic smelters should prove to be no more than a temporary setback for the industry. Flood conditions that crippeld the district reached a peak during the last week. Power installations that shut down are again operating. Dewatering of the flooded mines has started and more than 5,000 miners reported for work on May 24. However, normal mining and milling conditions for the entire district are not expected for several weeks.

Certificates covering zinc that has been allocated by WPB for the month of June were mailed in Washington on May 26. This means that the movement of metal to consumers will pass from the quiet to the more active period of the month. The tonnage allocated for June will hold at about the same level as in recent months.

Tin

The price of tin for a long time after the war is more likely to be a controlled price than a free market price, according to the April issue of "Tin," the official bulletin of the Tin Producers' Association, London. The controlled price, the bulletin states, may be relied upon to insure a reasonable price to the consumer and a fair profit to the producer. A price level of £200 to £230 a long ton, plus the increase in the cost of mining tin since the beginning of the war, is mentioned as not being unreasonable. Development and research are still viewed as more important for the present than undue concern about the postwar price.

Quotations in New York continued unchanged. Straits quality tin for shipment was:

May 20	52.000	52.000	52.000
May 21	52.000	52.000	52.000
May 22	52.000	52.000	52.000
May 24	52.000	52.000	52.000
May 25	52.000	52.000	52.000
May 26	52.000	52.000	52.000

Chinese, or 99% tin, continues at 51.125c. a pound. This price has obtained since Aug. 16, 1941.

Antimony

The freight-rate structure for antimony on shipments from points in the West to the Eastern seaboard may be revised downward, according to trade authorities. If lower rates now mentioned in the industry become official, the New York equivalent for both bulk and packaged antimony will be reduced a little more than the 6% that is deductible as soon as warehouse stocks take the cut that became effective May 15.

Aluminum

Use of aluminum by a producer constitutes a delivery of a controlled material if the aluminum is converted or processed beyond the specified forms or shapes provided for under CMP regulations. A producer of aluminum, as a result of Direction 8, issued last week, may not convert the metal for his own use into sheet, plate, bar, rod, extrusions, castings, or powders except on an authorized controlled materials order or by specific direction of WPB.

Quicksilver

In extending its quicksilver buying program to Dec. 31, 1944, with certain reservations, the Metals Reserve Co., in effect, undertakes to support the market and encourage production at high-cost mines. Some producers lately have been concerned about the long-term outlook, particularly in reference to extending operations to maintain output.

The price situation in New York last week was unchanged, quotations holding at $196@$198 per flask.

Silver

The London silver market was quiet last week, with the price unchanged at 23½d. The New York Official and the Treasury prices continued at 44¾c. and 35c., respectively.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" as of July 31, 1942, page 380.

Lumber Movement—Week Ended May 22, 1943

According to the National Lumber Manufacturers Association, lumber shipments of 458 mills reporting to the National Lumber Trade Barometer were 0.3% below production for the week ended May 22, 1943. In the same week new orders of these mills were 8.3% greater than production. Unfilled order files in the reporting mills amounted to 107% of stocks. For reporting softwood mills, unfilled orders are equivalent to 41 days' production at the current rate, and gross stocks are equivalent to 35 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 14.2%; orders by 17.4%.

Compared to the average corresponding week of 1935-39 production of reporting mills was 30.6% greater; shipments were 30.3% greater, and orders were 46.7% greater.

French Africa Pays US For Civilian Food

An initial payment on account of $15,000,000 has been made by General Henri Giraud as French Commander in Chief in North Africa to the Lend-Lease Administration in Washington for civilian supplies delivered to Morocco and Algeria during the period Nov. 8 last to March 31 of this year.

This was reported in a special cable from Allied Force Headquarters in North Africa, April 29 to the New York "Times," which added:

"The value of goods shipped during that period from the United States under lend-lease agreements was $26,000,000.

"Among consumer goods delivered were:

"Flour, 75,000 tons; sugar, 48,000 tons; powdered and tinned milk, 5,000 tons; soap, 5,000 tons; cotton cloth, 3,000 tons; clothing, 2,000 tons.

"Payment was made by check on dollar funds deposited in New York in the account of the French commander."

Daily Average Crude Oil Production For Week Ended May 22, 1943 Increased 21,450 Bbls.

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 22, 1943 was 4,005,750 barrels, an increase of 21,450 barrels over the preceding week, and 406,750 barrels per day more than in the corresponding period last year. The current figure, however, is 291,650 barrels below the daily average figure recommended by the Petroleum Administration for War for the month of May, 1943. Daily output for the four weeks ended May 22, 1943 averaged 3,982,450 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 3,698,000 barrels of crude oil daily and produced 10,300,000 barrels of gasoline; 3,682,000 barrels of distillate fuel oil, and 7,442,000 barrels of residual fuel oil during the week ended May 22, 1943; and had in storage at the end of that week 85,166,000 barrels of gasoline; 32,193,000 barrels of distillate fuels, and 67,717,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations May	*State Allowables Begin. May 1	Actual Production Week Ended May 22, 1943	Change from Previous Week	4 Weeks Ended May 22, 1943	Week Ended May 23, 1942
Oklahoma	379,000	379,000	†319,800	— 1,350	332,550	386,250
Kansas	309,700	309,700	†311,650	+ 6,100	306,650	256,250
Nebraska	2,400	------	†2,100	— 50	2,200	4,050
Panhandle Texas			91,100	----	91,050	88,000
North Texas			131,750	— 150	132,650	145,600
West Texas			226,750	----	223,700	156,700
East Central Texas			124,300	----	118,150	87,100
East Texas			339,300	----	334,350	370,600
Southwest Texas			214,000	----	207,650	113,200
Coastal Texas			375,200	----	366,600	242,100
Total Texas	1,622,000	‡1,584,637	1,502,400	— 150	1,474,150	1,203,300
North Louisiana			87,250	+ 250	87,550	85,900
Coastal Louisiana			261,050	----	259,900	219,300
Total Louisiana	359,300	377,000	348,300	+ 250	347,450	305,200
Arkansas	73,000	75,043	72,600	+ 500	72,250	70,850
Mississippi	50,000		56,350	+ 3,900	54,800	85,550
Illinois	250,800		219,700	+ 9,150	224,300	296,300
Indiana	16,000		14,250	+ 1,050	14,200	21,850
Eastern (not incl. Ill. Ind., Ky.)	92,200		80,000	+ 250	79,400	87,050
Kentucky	23,500		22,600	+ 400	22,400	11,200
Michigan	62,100		57,900	— 800	58,900	62,100
Wyoming	97,000		92,700	— 200	93,250	95,150
Montana	24,600		20,550	----	20,450	21,750
Colorado	7,400		6,600	— 100	6,700	6,700
New Mexico	105,700	105,700	96,950	----	97,050	54,450
Total East of Calif.	3,474,700		3,224,450	+ 18,950	3,206,700	2,968,000
California	822,700	§822,700	781,300	+ 2,500	775,750	631,000
Total United States	4,297,400		4,005,750	+ 21,450	3,982,450	3,599,000

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in February, 1943, as follows: Oklahoma, 29,200; Kansas, 6,300; Texas, 103,100; Louisiana, 20,400; Arkansas, 2,800; Illinois, 10,800; Eastern (not including Illinois, Indiana or Kentucky), 10,000; Kentucky, 3,300; Michigan, 100; Wyoming, 2,300; Montana, 300; New Mexico, 5,500; California, 43,000.

†Oklahoma, Kansas, Nebraska figures are for week ended 7 a.m. May 20.

‡This is the net basic allowable as of May 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 16 days, the entire state was ordered shut down for 10 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 10 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED MAY 22, 1943.

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are ——therefore on a Bureau of Mines basis——

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,444	88.7	1,682	68.8	4,550	34,260	13,545	11,175
Appalachian	177	84.8	152	85.9	378	2,363	790	480
Ind., Ill., Ky.	824	85.2	710	86.2	2,244	18,893	4,058	3,121
Okla., Kans., Mo.	416	80.1	341	82.0	1,061	6,512	1,748	1,505
Rocky Mountain	147	49.0	87	59.2	288	1,955	316	559
California	817	89.9	726	88.9	1,779	21,183	11,736	50,877
Tot. U. S. B. of M. basis May 22, 1943	4,825	86.2	3,698	76.6	10,300	†85,166	32,193	67,717
Tot. U. S. B. of M. basis May 15, 1943	4,825	86.2	3,768	78.1	10,506	86,950	31,891	67,311
U. S. Bur. of Mines basis May 23, 1942			3,392		10,192	97,021	29,658	79,296

*At the request of the Petroleum Administration for War. †Finished, 74,229,000 barrels; unfinished, 10,937,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 3,682,000 barrels of gas oil and distillate fuel oil and 7,442,000 barrels of residual fuel oil produced in the week ended May 22, 1943, which compares with 3,797,000 barrels, and 7,760,000 barrels, respectively, in the preceding week, and 3,034,000 barrels and 6,993,000 barrels, respectively, in the week ended May 23, 1942.

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total producion of soft coal in the week ended May 22, 1943 is estimated at 11,570,000 net tons, a decrease of 730,000 tons, or 5.9%, from the preceding week. Transportation interruption due to the floods in the Midwest partly accounted for the loss in output. Production in the corresponding week of 1942 amounted to 11,266,000 tons. For the present year to May 22, production of soft coal was 5.0% in excess of that for the same period last year.

The U. S. Bureau of Mines estimated that the production of Pennsylvania anthracite for the week ended May 22, 1943 was 1,261,000 tons, a decrease of 159,000 tons (11.2%) from the preceding week. When compared with the output in the corresponding week of 1942, however, there was an increase of 60,000 tons or 5.0%.

The Bureau of Mines also announced that the estimated production of by product coke in the United States for the week ended May 22 showed a decrease of 100 tons when compared with the output for the week ended May 15. The quantity of coke from beehive ovens decreased 3,400 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, (In Net Tons—000 Omitted.)

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	May 22 1943	*May 15 1943	May 23 1942	May 22 1943	May 23 1942	May 22 1937
Total, incl. mine fuel	11,570	12,300	11,266	237,676	226,336	184,455
Daily average	1,928	2,050	1,878	1,972	1,867	1,536

*Revised.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE (In Net Tons)

	Week Ended			Cal. Year to Date		
Penn. anthracite—	§May 22 1943	May 15 1943	May 23 1942	May 22 1943	May 23 1942	May 25 1929
*Total, incl. colliery fuel	1,261,000	1,420,000	1,201,000	24,677,000	23,572,000	29,572,000
†Commercial production	1,211,000	1,363,000	¶1,153,000	23,690,000	¶22,629,000	27,443,000
Beehive coke— United States total	159,000	162,400	186,400	3,217,800	3,234,700	2,581,000
By-product coke— United States total	1,229,000	1,229,100	1,182,900	24,763,200	23,999,700	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES (In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					May Avge.
State—	May 15 1943	May 8 1943	May 16 1942	May 17 1941	May 15 1937	¶1923
Alabama	396	321	377	297	129	398
Alaska	6	6	5	4	2	**
Arkansas and Oklahoma	52	68	67	11	8	66
Colorado	153	146	129	83	97	168
Georgia and North Carolina	1	1	1	1	††	**
Illinois	1,454	1,240	1,144	961	523	1,292
Indiana	488	461	471	401	245	394
Iowa	47	45	44	37	24	89
Kansas and Missouri	149	148	141	78	68	131
Kentucky—Eastern	1,016	768	1,002	868	792	679
Kentucky—Western	301	301	238	205	127	183
Maryland	37	29	43	37	20	47
Michigan	8	11	5	1	1	12
Montana (bituminous and lignite)	77	80	51	43	34	42
New Mexico	32	33	28	13	28	57
North and South Dakota (lignite)	34	27	20	19	15	**14
Ohio	740	645	673	552	465	860
Pennsylvania (bituminous)	2,995	2,417	2,891	2,738	1,995	3,578
Tennessee	138	109	155	148	84	121
Texas (bituminous and lignite)	5	6	6	6	17	22
Utah	132	127	105	50	28	74
Virginia	435	346	418	388	243	250
Washington	33	30	41	31	32	44
*West Virginia—Southern	2,406	1,860	2,257	2,232	1,675	1,380
†West Virginia—Northern	995	783	887	790	555	862
Wyoming	169	161	129	90	61	110
‡Other Western States	1	1	1	††	1	**5
Total bituminous and lignite	12,300	10,170	11,329	10,089	7,269	10,878
§Pennsylvania anthracite	1,420	1,056	1,262	904	1,068	1,932
Total all coal	13,720	11,226	12,591	10,993	8,337	12,810

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

Civil Engineering Construction $46,465,000 For The Week

Civil engineering construction volume for the week in continental United States totals $46,465,000. This volume, not including the construction by military combat engineers, American contracts outside the country, and shipbuilding, is 27% lower than a week ago, and 72% below the total reported for the corresponding week last year by "Engineering News-Record" on May 27, which also said:

Private construction is 64% lower than in the preceding week, and 33% below a year ago. Public work declines 20% from a week ago, and is down 73% compared with the 1942 week.

The current week's construction brings 1943 volume to $1,491,759,000, an average of $71,036,000 for each of the 21 weeks of the year. On the weekly average basis, 1943 volume is 60% lower than the $3,936,356,000 reported for the 22-week period last year. Private construction, $149,766,000, is down 48% compared with last year, and public construction, $1,341,993,000, is 61% lower when adjusted for the difference in the number of weeks.

Civil engineering construction volumes for the 1942 week, last week, and the current week are:

	May 28, 1942	May 20, 1943	May 27, 1943
Total U. S. Construction	$163,227,000	$63,929,000	$46,465,000
Private Construction	5,458,000	10,209,000	3,654,000
Public Construction	157,769,000	53,720,000	42,811,000
State and Municipal	12,336,000	4,162,000	6,440,000
Federal	145,433,000	49,558,000	36,371,000

In the classified construction groups, gains over the preceding week are in bridges, and streets and roads. Streets and roads volume is the only current week's total to gain over a year ago. Subtotals for the week in each class of construction are: Waterworks, $615,000; sewerage, $607,000; bridges, $710,000; industrial buildings, $378,000; commercial building and large-scale private housing, $1,979,000; public buildings, $23,621,000; earthwork and drainage, $261,000; streets and roads, $10,866,000; and unclassified construction, $7,428,000.

New capital for construction purposes for the week totals $2,673,000. It is made up of $1,423,000 in State and municipal bond sales, $750,000 in corporate security issues, and $500,000 in RFC loans for public improvements.

New construction financing for the 21 weeks of 1943 totals $492,422,000, and compares with the $6,818,823,000 reported for the 22-week period in 1942.

Morgenthau Says $45 Billion More Needed This Year

Secretary of the Treasury Morgenthau announced on May 23 that $45,000,000,000 still has to be raised this year to finance the war—over and above current borrowings and anticipated tax collections.

In a report May 23 telling "the story of America's greatest war loan," Secretary Morgenthau thanked the nation for its record-breaking participation in the recent bond-selling campaign and warned that "the real battle is still ahead of us."

The Treasury head declared the American people invested $18,500,000,000 "in the future of their free country" during the Second War Loan drive which had as its goal only $13,000,000,000. He said:

"We exceeded by more than 5 billion the goal we set for ourselves. This is a measure of our enthusiasm and patriotism. The result proves many things. It proves that the American people stand solidly behind their Commander-in-Chief, that they recognize this as their war, and they are willing and eager to finance it.

"It proves, also, that the American people are not going to sit back and wait for any forced savings plan in order to finance this most expensive war in all history."

The report highlighted the results of the Second War Loan drive, and, through the profuse employment of charts, depicted what has happened thus far, and what is yet to be done. For instance, the report pointed out, seven-eighths of current income after taxes is in the hands of the average worker — the shipyard worker, the machinist, the woman war worker, the white collar employee—earning less than $5,000 net. To this group, the report said, a special appeal must be made for the purchase of war bonds with idle funds remaining after payment for the necessities of life, insurance premiums, old debts, and other obligations.

That such appeals thus far have been successful is attested by the following extract: "We aimed to get 55% of this money (earnings not needed for necesities or obligations) accumulating in the first four months of this year in place of the 47% which was so invested in the last half of 1942, but because of the success of the Second War Loan, we actually secured 60%."

The Treasury's tentative program calls for aiming at 65% of this idle money in the present four months, and at 75% in the last four months of the year.

Mr. Morgenthau reported that under present tax laws, the Treasury will get at least $30,000,000,000 from tax collections this year to apply to its contemplated expenditures of $100,000,000,000. Of the remainder, already $25,000,000,000 has been raised through the sale of War Bonds, leaving $45,000,000,000 to be raised through new taxes and through the sale of War Bonds.

"Part of this $45,000,000,000 will come as a result of the regular purchases of War Bonds, month by month, through payroll savings. Part of it will come from people who realize that we must not wait for drives to buy extra bonds. The rest of it we will need to secure through special drives.

"I am confident," the report concluded, "that the American people will continue to oversubscribe our war loans and make the voluntary way work. That will be one of the best ways we have of showing the Axis how wrong they were when they said that the American people could not stand up in a crisis, that our democratic ways would collapse when the going got tough."

Revenue Freight Car Loadings During Week Ended May 22, 1943 Decreased 5,188 Cars

Loading of revenue freight for the week ended May 22, 1943 totaled 843,334 cars, the Association of American Railroads announced on May 27. This was an increase above the corresponding week of 1942 of 5,658 cars, or 0.7%, but a decrease below the same week in 1941, of 22,693 cars or 2.6%.

Loading of revenue freight for the week of May 22 decreased 5,188 cars, or 0.6% below the preceding week.

Miscellaneous freight loading totaled 380,778 cars, a decrease of 2,609 cars below the preceding week, but an increase of 2,439 cars above the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 96,811 cars, an increase of 181 cars above the preceding week, and an increase of 518 cars above the corresponding week in 1942.

Coal loading amounted to 166,647 cars, a decrease of 9,532 cars below the preceding week, but an increase of 649 cars above the corresponding week in 1942.

Grain and grain products loading totaled 42,941 cars, a decrease of 301 cars below the preceding week, but an increase of 8,529 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of May 22 totaled 27,858 cars, a decrease of 369 cars below the preceding week but an increase of 5,944 cars above the corresponding week in 1942.

Live stock loading amounted to 13,313 cars, a decrease of 824 cars below the preceding week, but an increase of 460 cars above the corresponding week in 1942. In the Western Districts alone, loading of live stock for the week of May 22, totaled 9,665 cars, a decrease of 557 cars below the preceding week, but an increase of 58 cars above the corresponding week in 1942.

Forest products loading totaled 44,587 cars, an increase of 827 cars above the preceding week but a decrease of 3,823 cars below the corresponding week in 1942.

Ore loading amounted to 83,989 cars, an increase of 7,222 cars above the preceding week but a decrease of 3,216 cars below the corresponding week in 1942.

Coke loading amounted to 14,268 cars, a decrease of 152 cars below the preceding week, but an increase of 102 cars above the corresponding week in 1942.

All districts reported increases compared with the corresponding week in 1942, except the Southern and Northwestern, but all districts reported decreases below the corresponding week in 1941 except the Southwestern.

	1943	1942	1941
5 weeks of January	3,530,849	3,858,479	3,454,409
4 weeks of February	3,055,640	3,122,942	2,866,565
4 weeks of March	3,073,426	3,174,781	3,066,011
4 weeks of April	3,136,253	3,350,996	2,793,630
Week of May 1	788,783	858,911	794,299
Week of May 8	816,551	839,286	837,149
Week of May 15	848,522	839,054	860,802
Week of May 22	843,334	837,676	866,027
Total	16,093,358	16,882,125	15,538,892

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended May 22, 1943. During this period 66 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS)—WEEK ENDED MAY 22

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Eastern District—					
Ann Arbor	276	469	578	1,384	1,335
Bangor & Aroostook	750	1,672	1,822	232	341
Boston & Maine	6,479	6,034	8,615	14,364	14,906
Chicago, Indianapolis & Louisville	1,470	1,360	1,473	1,948	2,028
Central Indiana	36	28	19	51	65
Central Vermont	1,120	952	1,504	2,519	2,051
Delaware & Hudson	6,337	6,846	6,355	12,343	11,357
Delaware, Lackawanna & Western	7,820	7,553	10,065	12,426	9,590
Detroit & Mackinac	316	278	310	95	125
Detroit, Toledo & Ironton	1,829	1,767	3,259	1,371	1,186
Detroit & Toledo Shore Line	282	278	360	2,855	2,333
Erie	13,267	13,914	15,847	19,158	16,520
Grand Trunk Western	3,677	3,487	6,140	8,241	7,403
Lehigh & Hudson River	237	195	253	2,610	3,484
Lehigh & New England	2,076	2,188	1,967	1,671	1,699
Lehigh Valley	8,039	8,879	9,616	14,099	11,129
Maine Central	2,162	2,199	3,145	1,963	3,420
Monongahela	6,470	6,289	6,438	390	349
Montour	2,489	2,314	2,284	111	41
New York Central Lines	51,917	45,398	53,356	53,438	54,473
N. Y., N. H. & Hartford	9,683	9,900	12,160	18,935	19,260
New York, Ontario & Western	1,080	963	1,138	2,481	2,815
New York, Chicago & St. Louis	7,239	7,859	6,765	15,793	15,216
N. Y., Susquehanna & Western	561	412	507	2,448	1,665
Pittsburgh & Lake Erie	7,728	8,214	8,524	9,949	9,409
Pere Marquette	5,221	5,355	7,402	7,544	5,905
Pittsburg & Shawmut	924	709	752	10	48
Pittsburg, Shawmut & North	413	378	357	270	251
Pittsburgh & West Virginia	1,214	1,011	1,311	3,934	2,787
Rutland	342	387	629	1,017	1,134
Wabash	4,957	5,105	6,039	11,621	12,862
Wheeling & Lake Erie	6,702	5,608	6,331	4,964	4,387
Total	163,113	158,001	185,321	230,235	219,574
Allegheny District—					
Akron, Canton & Youngstown	756	680	725	1,287	1,020
Baltimore & Ohio	41,738	40,530	41,576	28,887	27,047
Bessemer & Lake Erie	6,631	7,737	7,386	2,169	2,269
Buffalo Creek & Gauley	264	325	268	4	2
Cambria & Indiana	1,303	1,978	2,023	6	15
Central R. R. of New Jersey	6,998	6,767	8,235	22,387	18,559
Cornwall	669	621	695	41	63
Cumberland & Pennsylvania	276	303	315	19	7
Ligonier Valley	145	136	135	35	48
Long Island	1,121	884	748	3,986	3,442
Penn-Reading Seashore Lines	1,765	1,730	1,710	3,215	2,576
Pennsylvania System	83,883	83,307	88,079	69,384	63,621
Reading Co.	15,167	14,517	16,791	29,227	27,338
Union (Pittsburgh)	22,011	21,455	19,254	7,708	8,489
Western Maryland	4,011	3,906	4,459	10,828	12,221
Total	186,738	184,876	192,399	179,183	166,717
Pocahontas District—					
Chesapeake & Ohio	29,435	28,838	29,487	14,435	13,220
Norfolk & Western	22,773	22,522	23,942	7,498	6,918
Virginian	4,784	4,245	4,832	2,057	2,114
Total	56,992	55,605	58,261	23,990	22,252
Southern District—					
Alabama, Tennessee & Northern	311	386	344	261	358
Atl. & W. P.—W. R. R. of Ala.	673	673	806	2,985	2,395
Atlanta, Birmingham & Coast	770	876	840	1,311	1,158
Atlantic Coast Line	12,587	12,862	11,775	10.996	8,800
Central of Georgia	4,281	3,551	4,473	4,401	3,767
Charleston & Western Carolina	469	411	518	2,112	1,604
Clinchfield	1,548	1,608	1,838	2,935	2,839
Columbus & Greenville	331	322	327	147	179
Durham & Southern	109	209	206	604	1,267
Florida East Coast	2,074	1,721	1,027	1,761	810
Gainesville Midland	37	31	44	94	93
Georgia	1,110	1,226	1,172	3,199	2,688
Georgia & Florida	373	363	368	583	531
Gulf, Mobile & Ohio	3,840	4,301	3,835	4,349	4,337
Illinois Central System	25,526	27,773	23,988	22,039	17,340
Louisville & Nashville	27,547	27,386	27,321	11,632	9,846
Macon, Dublin & Savannah	209	154	179	836	743
Mississippi Central	224	182	137	342	538
Nashville, Chattanooga & St. L.	*3,252	3,699	3,528	*4,913	3,965
Norfolk Southern	1,227	1,269	1,227	1,605	1,928
Piedmont Northern	365	325	430	1,181	1,266
Richmond, Fred. & Potomac	393	529	433	11,599	10,945
Seaboard Air Line	11,242	11,289	10,891	8,281	8,765
Southern System	22,142	23,075	26,327	23,960	24,233
Tennessee Central	623	674	526	954	1,210
Winston-Salem Southbound	130	123	146	868	916
Total	121,393	125,018	122,711	123,948	112,521
Northwestern District—					
Chicago & North Western	19,393	21,526	23,634	12,777	12,849
Chicago Great Western	2,450	2,294	2,877	3,004	2,898
Chicago, Milw., St. P. & Pac.	19,034	19,015	21,951	9,918	9,414
Chicago, St. Paul, Minn. & Omaha	3,260	3,326	4,021	3,773	3,518
Duluth, Missabe & Iron Range	26,294	28,610	21,438	169	360
Duluth, South Shore & Atlantic	1,186	1,290	1,107	447	527
Elgin, Joliet & Eastern	8,337	10,371	10.706	10,725	10,185
Ft. Dodge, Des Moines & South	407	592	682	99	131
Great Northern	24,149	24,209	22,921	5,906	4,992
Green Bay & Western	424	557	629	834	783
Lake Superior & Ishpeming	2,984	3,272	2,544	33	49
Minneapolis & St. Louis	1,957	1,898	2,194	1,923	2,295
Minn., St. Paul & S. S. M.	6,665	7,416	8,225	3,039	3,209
Spokane International	10,497	10,371	9,092	5,657	4,739
Northern Pacific	171	172	232	631	389
Spokane, Portland & Seattle	2,535	2,510	2,442	3,687	3,269
Total	129,743	137,429	134,695	62,622	59,607
Central Western District—					
Atch., Top. & Santa Fe System	21,901	22,204	21,851	13,020	10,557
Alton	2,553	2,853	3,440	4,826	4,238
Bingham & Garfield	650	671	700	123	142
Chicago, Burlington & Quincy	16,364	15,826	17,091	10,486	10,950
Chicago & Illinois Midland	2,800	2,560	3,085	824	860
Chicago, Rock Island & Pacific	12,726	11,341	13,804	12,980	10,703
Chicago & Eastern Illinois	2,379	2,559	2,836	5,665	3,229
Colorado & Southern	715	783	674	2,287	1,986
Denver & Rio Grande Western	3,386	2,747	2,096	6,026	4,861
Denver & Salt Lake	642	626	275	29	15
Fort Worth & Denver City	780	888	1,302	2,404	1,076
Illinois Terminal	1,546	1,914	2,051	1,469	2,362
Missouri-Illinois	1,009	1,383	1,192	439	509
Nevada Northern	2,079	2,018	2,029	126	111
North Western Pacific	1,102	1,012	961	692	490
Peoria & Pekin Union	4	10	17	0	0
Southern Pacific (Pacific)	31,229	28,815	28,654	13,265	9,462
Toledo, Peoria & Western	239	288	358	1,743	1,637
Union Pacific System	12,295	11,576	14,384	16,389	12,974
Utah	579	591	316	2	3
Western Pacific	2,227	1,987	1,667	3,524	3,628
Total	117,205	112,652	118,784	96,319	79,793
Southwestern District—					
Burlington-Rock Island	1,032	133	196	169	144
Gulf Coast Lines	6,476	5,068	3,223	2,367	2,460
International-Great Northern	2,528	3,049	1,929	3,654	2,581
Kansas, Oklahoma & Gulf	232	250	212	276	1,218
Kansas City Southern	4,746	5,185	2,371	1,714	2,613
Louisiana & Arkansas	3,581	3,464	2,285	3,192	2,177
Litchfield & Madison	329	360	325	1,060	1,118
Midland Valley	353	716	478	286	259
Missouri & Arkansas	97	129	204	121	321
Missouri-Kansas-Texas Lines	5,015	4,757	4,310	3,381	4,144
Missouri Pacific	14,077	15,494	14,831	20,898	17,405
Quanah Acme & Pacific	51	102	85	212	177
St. Louis-San Francisco	6,867	8,196	8,371	9,305	7,459
St. Louis Southwestern	2,860	2,756	2,660	6,799	5,803
Texas & New Orleans	14,838	10,266	7,850	5,390	4,176
Texas & Pacific	4,941	3,964	4,351	9,062	6,454
Wichita Falls & Southern	99	163	160	45	47
Weatherford M. W. & N. W.	28	43	15	17	16
Total	68,150	64,095	53,856	67,948	58,572

*Previous week's figure.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1943—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
Feb. 6	169,417	140,836	439,304	89	87
Feb. 13	148,687	137,784	446,981	87	87
Feb. 20	141,435	142,932	445,982	91	88
Feb. 27	156,628	147.085	454,308	94	88
Mar. 6	175,178	147,830	480.802	93	89
Mar. 13	166,885	146,062	498,927	93	89
Mar. 20	155,116	149,096	504,414	92	90
Mar. 27	139,911	150,754	488,197	95	90
Apr. 3	172,412	153,030	511,220	95	90
Apr. 10	153,260	153,006	510.784	95	91
Apr. 17	164,805	152,494	515,700	96	92
Apr. 24	159,231	155,163	517,473	97	92
May 1	147,212	135,924	525,287	89	92
May 8	165,871	153,934	522,336	96	92
May 15	177,968	151,653	561,571	96	93
May 22	142,673	152,960	548,911	96	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Home Mtg. Recordings Lowest In Four Years

Continuing a war-time decline, recordings of non-farm mortgages of $20,000 or less amounted to $220,000,000 during February, 26% less than in the same month last year, the Federal Home Loan Bank Administration announced on April 10. It is the lowest monthly total for the nation's mortgage recordings since February, 1939, says the Administration, and less than half of the record figure reached in October, 1941, before restrictions on construction of non-war housing took full effect. The advices also stated:

"From January to February recordings dropped 4% in volume, largely due to seasonal factors. With a rise of 3%, savings and loan associations were the only type of lending institutions reporting a gain for the month. Decreases for other lenders ranged from 1% for individuals and 2% for mutual savings banks to about 9% for insurance companies, banks and trust companies and miscellaneus institutions.

"Between February, 1942, and February, 1943, the greatest decline—37%—was reported by commercial banks and insurance companies. Individual lenders were only 7% off. Savings and loan associations accounted for slightly more than 30% of the dollar volume of mortgages recorded last February, as compared with 29% in the same month of 1942.

The number and amount of new mortgages recorded in February, by type of lender, follow:

	Number	Amount	%
Sav. & loan assoc.	24,288	$66,938,000	30
Insurance cos.	3,781	18,064,000	8
Banks & trust cos.	13,462	44,273,000	20
Mut'l sav. banks	2,021	7,895,000	4
Individuals	23,075	49,854,000	23
Other mortgagees	9,446	32,858,000	15
Totals	76,073	$219,882,000	100

Non-Farm Foreclosures Down In First Quarter

Foreclosure activity in non-farm areas of the United States was substantially less in the January-March period of 1943 than in the last three months of 1942, it is announced by the Federal Home Loan Bank Administration. The estimated number of 7,163 cases completed during the first quarter of this year represents a decline of 22% from the previous quarter and is 38% lower than the total of 11,553 foreclosures in the comparable period of last year.

As a result of the continued reduction in the number of non-farm real estate foreclosures, the seasonally adjusted foreclosure index declined during the quarter to a new low in the series. In March, 1943 the index stood at 17.6, a point more than 82% below the average level of the 1935-1939 base period.

"The lowering of foreclosure levels was general throughout the country during the past twelve months. Totals for the year ending March 1943 were less than in the previous twelve-month period in every state, with the single exception of Maine. The others indicated reductions as large as 58%. Foreclosures in three of the twelve Federal Home Loan Bank Districts dropped approximately 40% while the remaining regions registered reductions of from 24 to 37% from last year's cases. The average for the United States was 30%.

"The national foreclosure rate for the first quarter of 1943 was 1.3 per 1,000 structures, when expressed on an annual basis. This compares favorably with a rate of 2.1 for the corresponding period of 1942. During the current quarter foreclosure rates by Bank districts ranged from 0.3 for the Portland, Oregon district to 2.9 for New York. As noted in previous reports, foreclosure rates have been consistently higher in the Eastern states than in other sections of the country."

Items About Banks, Trust Companies

Joseph A. Broderick, President of the East River Savings Bank, was host at a dinner at the Union League Club, Thursday, May 27, in celebration of the ninety-fifth anniversary of the East River Savings Bank. The dinner was tendered the trustees and officers of the bank and included as a guest of honor, Percy C. Magnus, in recognition of 25 years of membership on the Board of Trustees.

Eugene W. Stetson, President of the Guaranty Trust Company of New York, announced on June 1 the appointment of Joseph F. Ringland as a Vice-President of the company. Mr. Ringland comes to New York from the Presidency of the Empire National Bank and Trust Co., of St. Paul, Minn. He will be identified with the Guaranty's Banking Department district that embraces the company's relationships in the States of North and South Dakota, Nebraska, Colorado, Kansas, Missouri, Oklahoma, New Mexico, Arkansas and Texas.

Mr. Ringland was born in Wayne, Neb., in 1901, the son of Harvey S. Ringland, who was associated with the First National Bank of that city. He received his early education in Wayne, was graduated from Iowa State College at Ames, Iowa, in 1924, and in that year entered the employ of the United States National Bank of Omaha, Neb., of which he later became Assistant Cashier. From 1934 to 1936, he was Vice-President of Great Falls National Bank, Great Falls, Mont., and for the next six years served as President of the Stock Yards National Bank of South St. Paul, Minn. He became President of the Empire National Bank and Trust Co. of St. Paul in January, 1943. He is a director of both last named institutions and of the Northwestern Mortgage Company of Minneapolis.

It was announced on May 27 that William M. Robbins has been elected a director of the Grace National Bank of New York. Mr. Robbins is President of General Foods Sales Co., Inc., and Vice President of General Foods Corp. As Chairman of the War Finance Committee of the United States Treasury Department, he was national director of sales for the $13,000,000,000 Second War Loan Drive which exceeded its quota by selling $18,000,000,000 worth of bonds.

Joseph H. Praetz, a Vice President of the Emigrant Industrial Savings Bank, New York City, died on May 30 at his home in Brooklyn. He was 63 years old. Mr. Praetz had been associated with the Emigrant bank since 1900, having been made an Assistant Vice-President in 1931 and a Vice-President in 1937.

E. H. Mitchell, Assistant Superintendent of the Canadian Bank of Commerce at its head office in Toronto, has been appointed second agent of the bank's agency in New York City. Mr. Mitchell some years ago was assistant agent in New York and has held important posts in the West Indies and in Canada.

The Fleetwood Bank, Mount Vernon, N. Y., has received authorization from the State Banking Department to open a branch office in the Mount Vernon station of the New York Central Railroad.

The Home Bank and Trust Co. of Darien, Conn., has become a member of the Federal Reserve Bank of New York. The new member, chartered in 1912, has a capital of $100,000, surplus of $300,000, and total resources in excess of $4,500,000. Mark W. Norman is President of the institution.

The Farmers Bank Co., Stony Ridge, Ohio, has been admitted to membership in the Federal Reserve System, it is announced by M. J. Fleming, President of the Cleveland Reserve Bank. The new member bank was organized in 1920 with a capital of $25,000 and has current deposits of about $680,000. William H. Price is President of the institution.

John Churchill Ainsworth, Chairman of the Board of Directors of the United States National Bank of Portland, Ore., died on May 27 in Portland after an extended illness. His age was 73.

An announcement regarding his career states:

"Mr. Ainsworth was one of the outstanding bankers of the Pacific Coast. At the age of 24 he became President of the Ainsworth National Bank in Portland which had been founded by his father, pioneer steamship operator on the Columbia River. In 1902 he merged this bank with the United States National Bank, which had been organized in 1891. Mr. Ainsworth served as Presilent until 1931 when he became Chairman of the Board of Directors. In addition to banking Mr. Ainsworth had many community and territorial interests. In the commercial world he had held directorships on the boards of the Pacific Telephone & Telegraph Co., Portland General Electric Co., Pacific Power and Light Co., the Portland branch of the Federal Reserve Bank of San Francisco and the Hawley Pulp and Paper Co. He was one of the organizers and had been President of the States Steamship Company. He had been regent of the University of Oregon at Eugene, Ore., and of Whitman College, at Walla Walla, Wash. He was frequently called the father of 'good roads' in Oregon, being one of the active leaders in the early development of paved highways which form a network in the State. Under the administration of himself and the able associates, which he chose with care, he saw the United States National Bank expand its capital structure from $250,000 to well over $12,000,000 and deposits grow from less than $1,000,000 to more than $300,000,000, to where his bank ranked thirty-seventh among the nation's largest banks. A number of Mr. Ainsworth's associates, including Paul S. Dick, President of the United States National Bank since 1931, served with him for almost a half century."

D. C. Coleman, president and chairman of Canadian Pacific Railway Company, has been elected a director of the Bank of Montreal, it was announced at a meeting today (Friday) in Montreal.

Morgenthau Thanks Eccles

Appreciation of the aid and cooperation which the Federal Reserve System rendered in the recently-concluded Second War Loan drive was expressed by Secretary of the Treasury Morgenthau in a letter to Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, made public May 13 by the Treasury. Mr. Morgenthau said that much of the success of the drive was due to Mr. Eccles' counsel and guidance and thanked him personally, the Board and the entire Federal Reserve System for their cooperation.

Secretary Morgenthau also expressed the opinion that "there is much yet to be done in broadening distribution among individuals who are benefiting from the increase in war activities," and Chairman Eccles, in his reply, concurred heartily in this thought. Mr. Morgenthau further said that "future campaigns will require all the energy and ingenuity that we can muster," and Mr. Eccles assured him of the continued support of the Reserve System.

Uniform Method For Computing Savings Account Interest Recommended By State Bankers Ass'n

Recommendations for a uniform method, fair both to the bank and the depositor, for computing interest on thrift accounts, are contained in the booklet, "A Fair Method of Computing Savings Account Interest," published by the New York State Bankers Association.

The report, based on a study made by a subcommittee of the Association's Committee on Bank Management and Research, is an attempt to answer some of the problems that confront banks in the handling of their so-called thrift or time deposits. It was compiled and arranged by Norman D. Ellison, Vice-President and Cashier of the First National Bank, Mount Vernon, who was assisted by John R. Fox, Assistant Cashier, Canajoharie National Bank, Canajoharie, now on leave and serving in the armed forces, and J. Lawrence Kolb, Vice-President, Elmira Bank and Trust Co., Elmira. The report states:

"To adopt the policy of discouraging the acceptance of thrift accounts by commercial banks, is to turn away into competitive institutions a very large and important supply of money that traditionally is 'bank money' and that should be capable of paying its own way in addition to providing the bank with an additional source of working funds for investments and other purposes.

"The handling of thrift accounts, however, raises some very real problems. There are to name a few: the problems of interest, minimum balances, free balances, maximum balances, days of grace and activity involving withdrawals and deposits."

Recommendations covering all of these points, made in the report, are based upon a survey vey made last year of interest computation methods employed in the State's 718 commercial banks.

The survey revealed that no less than 80 different ways of computing interest were in use by the banks, a fact which, the committee concluded, pointed out clearly the need for greater efficiency in managing thrift accounts, plus a need for simplification and standardization of methods employed in handling them.

With these aims in view, the committee prepared a brief questionnaire, which dealt only with the most important differences in practice and which requested the banks to indicate preferences as to procedure rather than practices now being followed. The questionnaire was sent to all member banks in the Association and replies were received from 370 banks, which constituted a large and important geographic and economic cross-section of the state's banking opinion.

In formulating its recommendations, the committee was guided, to a large extent, by the preferences indicated by the reporting banks. Briefly the committee's findings on the more important problems are as follows:

"1. **Days of grace**—One hundred and forty-two or 40% of the replying banks preferred the elimination of days of grace, while 218 or 60% did not. Of those favoring the allowance of days of grace, 55% favored them in those months in which interest was paid and a majority of these preferred five or more days. The recommendation of the committee, therefore, was that the period of days of grace be limited to the first five days at the beginning of months in which interest is paid.

"2. **Minimum balances.**—The replies indicated that 294 or 80% preferred to eliminate all interest on accounts where the balance is less than $25. One hundred and sixteen or 32% set the minimum balance at $25, while the next largest group—110 banks or 30%—set the minimum balance at $100; and 66 banks or 18% preferred a $50 minimum. However, since the question of minimum balance does not lend itself to a single uniform figure, and since small capitalization and proportionately small bank deposits are limiting features, the committee recommended two alternative minimum balance limitations. The first, for banks having less than $1,500,000 in total deposits, establishes a minimum balance of $50, and the second, for banks having deposits in excess of that amount, establishes a minimum balance of $100.

"3. **Deducting minimum balance when figuring interest.**—In regard to the practice of deducting the minimum balance from the balance of any account when figuring interest, a very definite preference was registered by 278 negative replies. The committee on this point made no further recommendations, other than to suggest that this figure is very strong evidence against the wisdom of requiring so-called "free balances."

"4. **Methods of computation.**—Two hundred and ninety-six or 81% of the banks favored computing interest on a semi-annual basis, but an analysis of the replies showed no significant plurality in favor of either starting the interest at the beginning of the following month, the beginning of the following quarter, or the beginning of the following semi-annual period. Hence, the committee applied the three methods to four sample accounts presented in the 1941 report of the Savings Division of the American Bankers Association. The figures thus attained made it clear that the most reasonable combination of crediting interest on deposits and charging withdrawals is what really matters, and that the two must be considered together if a fair method is to be adopted It was the committee's conclusion, therefore, that either the combination of crediting interest from the following month and charging withdrawals against the balance at the beginning of the interest period or crediting interest from the beginning of the next semi-annual period and charging withdrawls against the most recent deposit must be the most reasonable selection. Further study of the two combinations indicated that the latter methods appeared to be the most equitable and advantageous both to bank and depositor.

The booklet which is 8½ by 11 inches in size, contains 10 pages, and sells for 30 cents. Copies may be secured from the New York State Bankers Association, 33 Liberty Street, New York City.

AIB War Conference In Chicago June 9-10

Completion of a program for the day and a half Wartime Conference of the American Institute of Banking, the educational section of the American Bankers Association, in Chicago, June 9-10, directed at finding solutions for the manpower problems of banks and the development of wartime chapter leadership, is announced by David E. Simms, national President of the Institute, who is Assistant Manager of the Salt Lake City branch of the Federal Reserve Bank of San Francisco.

The conference will be held at the Drake Hotel from noon on June 9, through the afternoon of June 10. It will consist of four sessions, these being a conference on manpower problems and solutions, another on chapter leadership, and two general business sessions, plus the annual national public speaking contest. Decision to hold a briefed and streamlined meeting devoted to the most essential things was announced last December by the Institute's Executive Council in deference to wartime travel restrictions and bank manpower shortage.

Previous reference to plans for the meeting was made in these columns March 11, page 926.

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